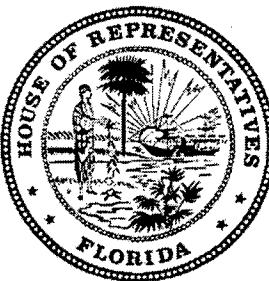


FLORIDA'S ENTERTAINMENT INDUSTRY INFRASTRUCTURE:

*Are We Growing the Indigenous Industry
as well as
Supporting Production?*

2006



**The Florida House of Representatives
Allan G. Bense, Speaker**

**State Infrastructure Council
Dave Russell, Chair**

**Tourism Committee
Nancy Detert, Chair**

FLORIDA'S ENTERTAINMENT INDUSTRY INFRASTRUCTURE

Table of Contents

I.	Executive Summary	i
II.	Introduction.....	1
III.	Incentives	5
	State Entertainment Industry Incentives Chart.....	17
IV.	Florida Entertainment Industry	25
V.	Office of Film and Entertainment	36
	Graph – Comparison of Select State Film Offices FTE Staff.....	39
VI.	Conclusions.....	41
VII.	References.....	43
VII.	Index of Appendices	
	Appendix A..... Questionnaire on Florida's Entertainment Industry	
	Appendix B..... Questionnaire of Film Offices	
	Appendix C..... Chart of 50 States	
	Appendix D..... Canadian Production Incentives; International Production Incentives	
	Appendix E..... Qualified Target Industry (QTI) Tax Refund Target Industries	
	Appendix F..... Florida Entertainment Incentives - ROI	
	Appendix G..... Comparison of Appropriation vs. Transferable Tax Credit (FFEAC information)	
	Appendix H..... Florida Film Entertainment Industry Labor Market Statistics 2001-2004	
	Appendix I..... Film Festivals	
	Appendix J..... Education Enrollment Data	
	Appendix K..... Office of Film and Entertainment Statutory Responsibilities & Core Services	
	Appendix L..... Office of Film and Entertainment Performance	
	Appendix M..... State Film Office Comparison	

FLORIDA'S ENTERTAINMENT INDUSTRY INFRASTRUCTURE

Executive Summary

Purpose

The purpose of the interim project is to review the current depth and breadth of the entertainment industry in the state and to identify issues potentially impacting the long-term growth potential of the industry. The information provided is to assist Members to have a better understanding of the state's entertainment industry sector and the needs of that industry to continue to grow and be competitive in the future. This will entail not only looking at current incentives that bring productions to the state, but also at how the state can grow the industry base and product in Florida.

Background

The Office of Film and Entertainment (OFE) in the Governor's Office of Tourism, Trade and Economic Development, created in 1999,¹ is responsible for promoting and developing the state's entertainment industry. Included in this responsibility, among other things, is the promotion and marketing of the state as a site for production; the promotion of our indigenous entertainment industry and producers; and servicing businesses, communities, organizations, and individuals engaged in entertainment industry activities. These activities are to be guided by the statutorily required 5-year strategic plan developed by the OFE with the advice of the Florida Film and Entertainment Advisory Council.²

In 2000, 2003 and 2005, incentives were provided statutorily for the entertainment industry to encourage the state as a site for production. The first incentive involved changing a refund of sales and use taxes to an upfront exemption for qualified productions.³ The next was a financial incentive in 2003 to encourage the use of the state as a site for filming, and for providing production services for, motion pictures, made-for-television movies, commercials, music videos, industrial and educational films, and television programs by the entertainment industry. The incentive also provided a mechanism to encourage relocation of entertainment industry businesses to the state; however, no relocation projects have received funding. The incentive was modified in

¹ The Office of the Film Commissioner was created by Ch 99-251, LOF, and placed within the Office of Tourism, Trade and Economic Development for the purpose of developing and promoting the state's entertainment industry. Although created on July 1, 1999, the Film Commissioner was not hired until late September, 1999.

² See s. 288.1252, F.S., for composition and responsibilities for advisory council.

³ A "qualified production company" is any production company engaged in this state in the production of motion pictures, made-for-TV motion pictures, television series, commercial advertising, music videos, or sound recordings that has submitted a properly completed application pursuant to s. 288.1258, F.S.

2005 to provide for qualifying and distributing funds according to placement in queues. The financial incentive fund received funding in FY 2004-05 of \$2.45 million and in FY 05-06 of \$10 million. The incentives are available for both indigenous and out-of-state film productions.

Since the statutory purpose of the entertainment industry incentive fund is to encourage the use of this state as a site for filming and providing production services for filmed entertainment, the law defines in great specificity the terms “filmed entertainment,” “motion picture,” and “digital media effects.” These definitions govern eligibility under the incentive. For purposes of the incentive, the law specifically excludes the electronic gaming industry and sporting events from the definition of “filmed entertainment.”⁴

The change in the tax rebate to an upfront exemption as well as the addition of the financial incentive were, in part, in response to international and other state incentives being used to capture a greater share of the entertainment industry market. In the late 1990’s, the concern was primarily with productions running away to the newly developed Canadian market with its very lucrative national and provincial incentives and exchange rate. Today, however, the term “runaway production” extends beyond Canada and other foreign markets and is often used to refer to productions going to other states. The use of financial incentives and other inducements by states has greatly increased over the last five years as more states are trying to encourage production and relocation of entertainment industry segments.⁵

Florida, once considered to be the third largest production center in the United States, is now, according to the Motion Picture Association of America (MPAA), considered to be in the top four or five in production in the United States.⁶

Because of the increasing number of incentives aggressively directed toward lowering production expenditures, increasing infrastructure capability (facility, crew, and vendor), and relocation of industry segments, and the concern over the state’s ability to compete in maintaining or increasing its short-term and long-term market share of the entertainment industry, several questions were raised concerning our law, efforts, and plan for the future.

Questions that have arisen concerning the long-term growth potential of the entertainment industry in the state are as follows:

- As we continue to raise our incentive amount for production, how do we compare with what other states are doing to increase their market share? What, if anything, do we need to consider doing in order to maintain or increase our market share? Is it worth our investment long-term?

⁴ See s. 288.1254(2)(a), F.S., for definitions. Electronic gaming is the creative development and physical creation of video games.

⁵ Incentives are discussed later in the report. For a detailed chart of all state incentives see Appendix C.

⁶ MPAA member companies include: The Walt Disney Company; Metro-Goldwyn-Mayer Studios, Inc.; Paramount Pictures Corporation; Sony Pictures Entertainment, Inc.; Twentieth Century Fox Film Corporation; Universal City Studios, LLP; and Warner Bros. Entertainment, Inc. MPAA conducts its own survey of employment in the industry in the six major studios and independent production companies.

- What are our state's entertainment industry infrastructure needs, short-term and long-term? How and when should these be addressed?
- What, if anything, is being done to encourage the relocation of entertainment industry companies to Florida? What should be done? What are other states doing?
- What is being done and what needs to be done to grow our indigenous entertainment industry? What are or should be the long-term goals of the state in this area?
- Does the Governor's Office of Film and Entertainment have sufficient staff and funding to meet the statutory requirements of the office and be competitive with other markets in its funding and staffing?

These questions will be addressed in the report.

Methodology

In order to answer questions outlined above, the committee staff did the following:

- Reviewed existing Florida law governing functions and responsibilities of the Office of Film and Entertainment, the Florida Film and Entertainment Advisory Council, and incentives afforded to the entertainment industry.
- Reviewed reports relating to the entertainment industry in the state.
- Surveyed all state film offices throughout the country to obtain information on incentives, office size and funding, both in writing and by telephone.
- Interviewed Departments of Revenue, Taxation, etc. in various states regarding tax incentives.
- Reviewed other state laws governing incentives.
- Reviewed other state reports governing the entertainment industry in their states.
- Reviewed international reports on the globalization of the market.
- Reviewed reports governing future market trends.
- Interviewed the Florida Film and Entertainment Commissioner.
- Surveyed industry representatives in Florida, including, but not limited to, members of the Florida Film and Entertainment Advisory Council, Film Florida, and state film and entertainment schools.

Findings

Incentives

General Comments:

Incentives to attract industry to an area have become an accepted practice especially for industries that infuse large sums of money into a state's economy and the rate of return on dollars invested is significant. The multi-faceted entertainment industry is no different from any other industry sector in this respect.

Entertainment industry production is an extremely attractive business. Even small productions may employ hundreds of people. The bulk of the job creation is below-the-line which are well-paid jobs that typically include health insurance and pension benefits.⁷

Unlike other industries that make decisions regarding location only once, productions are very flexible in decisions regarding location, with the exception of television series that have been long-running which tend to be more like regular businesses with considerations being given to established set locations. Other aspects of the entertainment industry, including electronic media and gaming, appear to be more akin to traditional industry.

International Impact on Incentives:

Since the 1990's, incentives being offered by other countries, such as Canada, New Zealand, United Kingdom, Australia, and other European and African countries, have continued to grow.

Often incentives are used to lure business into areas with little or no developed infrastructure, seeking to bring in resources while at the same time developing an indigenous infrastructure.

Over the years, even the more established global markets are becoming concerned about maintaining market share and production "running away" if incentives are not provided. An example is in the United Kingdom where there is concern about the increasingly competitive global entertainment industry market and its potential effect on the retention, let alone, the growth of its own industry. Concern is that with the loss of those workers who are highly mobile, the less mobile, yet well compensated, workforce left behind would have skills and services that would no longer be required. This would create an economic loss of wages and benefits that would have a significant impact.

National Response:

The "runaway" production economic loss to the United States, touted as being \$10.3 billion in 1998,⁸ did eventually lead to passage by Congress of the American Jobs Creation Act in 2004 which was viewed as a step in stemming runaway production and preserving and creating jobs both within the entertainment industry and related industries.

⁷ According to statistics provided by the Florida Agency for Workforce Innovation, the average wage in 2004 was \$52,972, excluding benefits. The International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists and Allied Crafts (IATSE) suggests that wages are even higher than those reported by AWI.

⁸ The Economic Impact of US Film and Television Runaway Production, The 1999 Monitor Report, commissioned by Screen Actors Guild & Directors Guild of America, prepared by Monitor Company, June 1999.

Florida Entertainment Industry Incentives:

Currently, Florida offers two incentives specifically for the entertainment industry, as defined in ss. 288.1251 and 288.1254, F.S.: a point of sale sales and use tax exemption and a financial incentive.

The purpose of the financial incentive program is to encourage the use of Florida as a site for film and video production, to advocate the hiring of Florida residents as staff, cast or crew and to support and encourage the use of other Florida services and equipment companies in the production of filmed entertainment. The program is also to encourage the relocation to and/or expansion of digital-media-effects companies and motion picture, television production and post production companies in Florida.

According to information provided by the Office of Film and Entertainment from data gathered on qualified productions receiving sales and use tax exemptions through a certificate of exemption and for qualified productions receiving incentive funding through the incentive reimbursement program, the rate of return on the state's investment is substantial. The latest data on the point of sale sales and use tax exemption for calendar year 2005 showed the total job creation attributable to the incentive as 36,867 and a return on investment of 66:1. The entertainment industry financial incentive return on investment on the \$10 million appropriation for FY 05-06 is estimated to be 7.4:1 with estimated total in-Florida production expenditure of \$73.9 million with Florida resident salaries accounting for more than \$36.6 million.

Questionnaire Responses on Adequacy of Incentive:⁹

Over 55% specifically indicated that the incentive amount needed to be increased to be more competitive with other states. Others did not indicate an increase in funds but did state that Florida needed to review what other states had done, such as Louisiana, Georgia, North Carolina, and New Mexico, to encourage both production coming into their states as well as indigenous production and to replicate what would benefit Florida. Specific suggestions are included on page 11. For those responding to the question relating to business relocation, 67% was unaware of any initiative by the state to relocate entertainment industry companies. Additionally, it was stated that the current economic development tools used by Enterprise Florida, Inc. (EFI) and local economic development agencies are appropriate but that the industry is not being properly targeted by EFI.

⁹ Whenever the term "questionnaire" is used in the report it refers to the Tourism Committee questionnaire on the entertainment industry that was used to survey more than 350 industry representatives in Florida, including, but not limited to, members of the Florida Film and Entertainment Advisory Council, Film Florida (an organization of Florida Film Commissioners and persons working at all levels in the industry), and state film and entertainment schools. The questions used are those listed under the discussion on background of the report. See Appendix A for a copy of the questionnaire.

*Recommendations for Change to the Entertainment Industry Financial Incentive
Proposed by the Florida Film and Entertainment Advisory Council:*

The Florida Film and Entertainment Advisory Council (FFEAC), in conjunction with Film Florida, has been reviewing the current law to determine what changes, if any, should be proposed to the Office of Film and Entertainment, the Governor, and the Legislature in order to improve the current financial incentive. Based upon a series of public meetings, changes were approved for recommendation at the December 9, 2005 meeting. These changes address concerns relating to commercial production, television pilots and episodes, minimum expenditure requirements, encouraging independent production, application process, and method of funding of the incentive, such as using transferable tax credits. A discussion of the changes is on pages 12 and 13 of the report.

Incentives in Other States:

The impact of the incentives being offered in other states is difficult to analyze and compare from state to state since the methodology for determination of the amount of production in a state and the determination of the overall impact is not shared between states. However, the State of Illinois is touting a 200% increase in production in the state after its implementation of its income tax incentive and Louisiana has increased its production from \$11.8 million to over \$354 million in two years.

Some states without a strong infrastructure, such as Louisiana, are using the incentives to lure business while infrastructure is being brought in from outside until a base can be built in the state.

Louisiana and seven other states have enacted transferable tax credits that are assignable, can be sold, or can be carried forward for a number of years. Depending upon the state, these credits are offered to production companies on investments (LA, GA), payroll (LA, GA, IL, MA), and production costs (LA, AZ, GA, MA, MO, PA, RI). Nine states offer income tax refunds, rebates, or credits on payroll, production costs, or investments. New Mexico and New Jersey offer low interest loans or loan guarantees to encourage film production. Three states, Louisiana, Oklahoma, and South Carolina, offer incentives for investment in facilities, productions, and certain entertainment businesses.

Florida's Entertainment Industry

Overview:

The entertainment industry in Florida is a \$3.9 billion industry.¹⁰ In 2004, the latest date for which statistics are available, 33,897 Floridians were employed at 5,599 businesses in the state. The average annual wage of these employees, excluding benefits, was

¹⁰ An Economic Assessment of the Florida Film and Entertainment Industry, Executive Summary, MGT of America, Inc., December 31, 2000, p. i.

\$52,972.¹¹ The economic impact cited in this statement does not take into account any impact that the industry has on ancillary businesses that benefit from entertainment industry production nor does it include any impact on tourism, which is considered as being significant in such states as California and New York.

According to Florida's Film and Entertainment Commissioner, Florida has multiple production centers with varied looks that have infrastructure, vendors, and deep crew base unlike states like Louisiana and New Mexico that have been able to attract industry business through their aggressive incentives and have been able to build infrastructure and attract vendors and crews to relocate. Additionally, having the production centers, infrastructure and crew serves as an attractor to production in the state, whether it is bringing producers in from outside the state or whether it is being able to keep our indigenous productions from leaving the state.

But what about the long-term view of what the industry should encompass and the direction that the state should take in its efforts to grow its own industry and capture or be influential in market segments in the future? How should the industry be defined? These questions need to be addressed in the strategic plan of the Governor's Office of Film and Entertainment. The PricewaterhouseCoopers study, "Global Entertainment & Media Outlook: 2005-2009," gives some indication of industry segment growth and food for thought. The report states that over the next five years, except for satellite radio:

- video games will be the fastest-growing segment, at a projected 12.9% compound annual increase, fueled by new console games associated with the next-generation hardware and an expanding online and wireless market;
- recorded music will be the next fastest growing segment, at 8% compounded annually, in part due to licensed digital distribution and mobile music; and
- filmed entertainment will expand at a 6.6% compounded annual increase, in part due to continued growth of DVD sales.¹²

Infrastructure:

For the purposes of this section, the term "infrastructure" includes not only the crew base, the physical structures, such as soundstages, and businesses that support pre-production, production, and post production efforts in the state but also includes film festivals, post secondary schools devoted to the film and entertainment industry educational programs, local film offices, and the state Office of Film and Entertainment.

Infrastructure – Film Offices

The film offices at the local level and the state Governor's Office of Film and Entertainment serve as the marketing, business development and industry servicing arm

¹¹ Florida Agency for Workforce Innovation, Labor Market Statistics. See Appendix H for the chart for 2001 to 2004 statistics on the industry.

¹² Global Entertainment and Media Outlook: 2005-2009 – Forecasts and economic analyses of 14 industry segments, Sixth Annual Edition – June 2005, PricewaterhouseCoopers, pp. 29-33.

to growing and maintaining the health of the entertainment industry. Florida has 21 full-service local film commission offices and 34 local film commission contacts/liaisons. The size, budget, and governmental location vary throughout the state.

Infrastructure – Film Festivals

As of October 20, 2005, there are 46 film festivals in Florida. The Florida Film Festival in Orlando is ranked as the 8th most important in the world.¹³

Infrastructure – Crew Base

According to the 2003 Economic Research Associates study of the motion picture industry in Florida, Florida had all the necessary equipment, services, and stages to accommodate any type of production. Yet, the study went on to state that because of the globalization of the industry and incentives being offered, the amount of external production was decreasing. The decreased production activity had forced Florida's crew base to become more mobile and frequently work out-of-state. The report stated that this translated into lost dollars for the state and the creation of a "fragmented" labor force.¹⁴

Today, according to the Office of Film and Entertainment, there are 3 to 4 full crews in Miami, 2 in Orlando, 1 in the Tampa area, and 1 in Jacksonville. According to the International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists and Allied Crafts (IATSE), Local 477, Florida has the largest crew base, approximately 1000 members, in the U.S. outside New York or California.¹⁵ Yet, the crew base stays small because as crew gains experience, they leave to go where work is plentiful (such as Louisiana). Often crew members relocate to other areas when work is not available in the state. It is interesting to note that this comes at a time when work has been increasing in South Florida because of the state and local incentives.¹⁶

Other states, such as Illinois, Louisiana and New Mexico, have encouraged the training of residents through incentives or requirements for certification. New York City also is offering money to assist independent filmmakers through funds to offset costs of training crew. See page 29 of the report for details.

Infrastructure – Business:

According to information provided by the Agency for Workforce Innovation, the number of entertainment industry businesses in the state has increased from 4,412 in 2001 to 5,599 in 2004.¹⁷

¹³ See Appendix I for a complete listing of Florida film festivals.

¹⁴ Project Report Assessment of the Florida Motion Picture Industry, Vol. I, by Economics Research Associates, February 2003, pp. V-34 and V-35.

¹⁵ IATSE, the International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists and Allied Crafts, is the labor union representing technicians, artisans and craftspersons in the entertainment industry, including live theatre, motion picture and television production, and trade shows.

¹⁶ Responses from Greg Kasper, George Cercihiai, and Joe Humphries of IATSE.

¹⁷ See Appendix H.

Concerns raised in the questionnaire responses involved the relocation this past year from Florida to New Orleans of Lee Lighting, the lighting and grip equipment house for Panavision which is the maker of the 35mm cameras used on many feature film sets, Disney's animation arm in Orlando moving to another country, and the move of Telemundo's Mun 2 from Miami to Los Angeles. Respondents were concerned about the impact this would have on new businesses locating to the state, with the perception that business should not relocate here, if others are leaving. Responses to questions related to infrastructure and indigenous industry consistently cited the need to fill the gap in businesses related to distribution and financing.

The states of Hawaii, Louisiana, and South Carolina provide incentives to encourage business growth. These incentives are in addition to any specific incentives offered to productions. See page 30 of the report for details.

Infrastructure – Facilities:

In the five year strategic plan of the Office of Film and Entertainment, sound stages was listed as number two out of a list of the top ten support services needed in Florida.¹⁸

According to the 2003 study for the Office of Film and Entertainment on the status of the entertainment industry, the key piece of industry-specific infrastructure for the motion picture production industry is soundstages. In 2003, Mid-Florida and Southeast Florida were the only regions in the state with purpose-built dedicated soundstage space. Although the total square footage of soundstages in the Southeast composed about 50% of the entire available sound stage space in the state and over 60% of the total number of stages, the Mid-Florida region stages were considerably larger.¹⁹

The desire to have more and different types of soundstages was mentioned by the majority of film commissioners who responded to the questionnaire and was cited by other respondents as well. Some respondents, however, stated that if business increases, the need for facilities will take care of itself. Mr. Jeff Peel, Director of the Miami-Dade Mayor's Office of Film and Entertainment, stated that the problem for Florida's entertainment industry infrastructure is that there is either too much or too little because of the ebb and flow of the industry. He continued to state that business had been turned away because of the lack of facilities; however, building new infrastructure runs the risk of enduring periods when no production is taking place. Without the assurances of stable use, new facilities are not being built.

The states of Louisiana, Oklahoma, and South Carolina offer income tax credits to companies building or investing in the building of production facilities. Louisiana and Oklahoma provide incentives for both motion picture and music production facilities. Delaware offers a 15 year ad valorem tax exemption for motion pictures and plants on

¹⁸ Five-Year Strategic Plan for the Development of Florida's Film & Entertainment Industry, Office of the Film Commissioner, June 30, 2000, p. 48.

¹⁹ Assessment of the Motion Picture Industry, Economics Research Associates, February 2003, pp. IV-56 through IV-58.

lands, buildings and chattel. More information on these incentives can be found on pages 17 through 24 of the report, or for more details go to Appendix C.

Infrastructure – Education:

One of the questions posed by the questionnaire dealt with what role the state's post-secondary schools could play in addressing the issues related to the maintenance and growth of the entertainment industry in Florida.

In order to understand what role these institutions play and role or roles they could play in the future, it is necessary to examine their role in the state's entertainment infrastructure. As part of the infrastructure base for training the entertainment workforce at all levels and in all fields, it is important to understand how many post-secondary programs are in Florida, how many students are enrolled, and how many secondary schools have programs in the entertainment area. It is also important to note that Florida is recognized for the caliber of its educational programs with programs such as the Florida State University Film School and the University of Florida's College of Telecommunications being rated among the top five film schools in the United States.

In all, 60 post-secondary institutions provide educational programs in various areas of the entertainment industry and 20 school districts offer classes in fields related to the industry. For more detailed information see pages 32 and 33 of the report and Appendix J.

Responses to Questionnaire – General Respondents

The majority of respondents wanted the schools to encourage students to remain in Florida and work. At the same time, respondents noted that in order to keep students here there had to be sufficient work and possibly some form of incentive to lure these new filmmakers to remain.

Responses to Questionnaire – School Respondents

The schools provided a variety of ways in which they could work to help train and educate the existing and future entertainment industry workforce. At the same time, the schools identified the need for funding to accomplish some of the suggestions offered. One suggestion was to establish cooperative programs between institutions designed to focus on specific needs of the workplace or on critical needs in the professional infrastructure. The listing of some of the ideas is on pages 33 and 34 of the report.

Additionally, Florida State University's Film School is encouraging its successful alumni to bring their talents and filmmaking ideas back to the state through the creation of Torchlight Pictures, a production company that will produce original media in the state.

Indigenous Industry:

The indigenous industry in Florida is comprised of all aspects of what has been discussed under the heading of infrastructure as well as filmmakers and other creatives in the state involved in the development and production of entertainment.

According to Paul Sirmons, Florida's Film and Entertainment Commissioner,

We cannot think of ourselves as a state that attracts a film to come in spend money, and leave. Certainly that is part of the equation. But the long picture should have us thinking of Florida as a creator and producer of entertainment, and as a distributor of entertainment – to the USA and to the world.²⁰

Respondents to the questionnaire on the entertainment industry provided similar views. They also cited the need for distribution and financing access for independent productions, creation of a low interest loan program, retention of Spanish language programs, professional retraining programs, development of programs to help young filmmakers, getting out in front on the digital media and gaming industry and claiming it while we can, and marketing the industry aggressively.

In addition to other incentives offered by states, the states of New Jersey, New Mexico, Oklahoma, Rhode Island and South Carolina provide incentives in the form of loan guarantees, no interest guaranteed loans, or income tax incentives for investments in in-state productions. See page 35 of the report or pages 17-24 for more detail on these incentives.

Office of Film and Entertainment

This section of the report pertains to the specific questions posed in the report related to the Governor's Office of Film and Entertainment. The section briefly reviews the Governor's Office of Film and Entertainment responsibilities, staffing, and funding. The staffing and funding of the office is compared to that of other states to provide a point of reference for our ranking with competitor states.

The Office of Film and Entertainment is responsible for developing, marketing, promoting, and providing services to the state's entertainment industry. The primary duties and responsibilities of the office are delineated in ss. 288.1251, 288.1253, 288.1254, and 288.1258.²¹ Administration of the two financial incentives for the encouraging growth of the entertainment industry in the state are two of the more recent

²⁰ Response of Paul Sirmons, State Film and Entertainment Commissioner, to House Tourism Committee questionnaire on entertainment industry.

²¹ See Appendix K for a copy of the statutory responsibilities of the Office of Film and Entertainment and a breakout of the core services.

responsibilities added to the office.²² Additional duties of the office relating to the Florida Film and Entertainment Advisory Council are delineated in s. 288.1252, F.S.

The requirements for submission of annual reports to the Legislature have been fulfilled in a timely fashion and the office has consistently met or exceeded its performance standards related to number of leads generated, number of projects worked, number of scouts/site visits facilitated, percent of new projects resulting in new business, and percent of new projects resulting in business.²³

The office, by law, is responsible for developing and implementing an ongoing five year strategic plan. The plan was developed and expired in 2005. Staff has not seen a copy of an updated annual strategic plan nor a long range plan for the growth and development of the industry sector in the state.

On November 8, 2005, the new Film and Entertainment Commissioner spoke to the Tourism Committee and delineated the following goals for the OFE:

- Support and Strengthen the Entertainment Industry Financial Incentive and Make It Work Across the Production Spectrum;
- Brand the State of Florida to the Outside Film World;
- Support Our Film Festivals On a Wider Basis Around the State;
- Build the Standings of Our Film Schools, and Interface Them With Each Other and the Real World of Filmmaking in Florida;
- Attract Key Foreign Production to Florida; and
- Build Film, Video and Digital Infrastructure – by increasing production demand in Florida.

Staffing and Funding

In 1999, when the OFE was created and there were no incentives as part of the responsibility of the office, three staff positions were provided and a total budget of \$524,420. Today, there are four full-time positions and 1 OPS, with a total budget of \$928,296. The 5 year strategic plan developed for OFE in 2000, indicated that the goal for staff and budget for FY 2004-05 was 13 FTE and 8 OPS with a continuation budget of \$2.9 million.

When compared with 16 states comprising states in the Southeast and some of the major competitor states in the entertainment industry, both Florida and Alabama tied for the fifth lowest number of staff. Part time or OPS staff were not considered since all states did not report this level of staffing. A full listing of all states and their staffing can be found in Appendix M.

For those who responded to the questions related to the sufficiency of staff and funding of the Office of Film and Entertainment to meet current and future responsibilities, 97%

²² The point of sale sales tax exemption became effective January 1, 2001. The financial incentive was enacted in 2003 but was not funded until FY 04-05.

²³ See Appendix L for a copy of OFE performance for 2001-02, 2002-03, and 2003-04.

indicated that the staffing level was not sufficient. Of those who responded to the question as to whether there was a need for a staff person in New York City like is in Los Angeles, 65% responded affirmatively, 23% responded negatively.

Conclusions

The following conclusions are made from the findings of the report and are provided for the consideration of the Members:

- Other states are aggressively pursuing various aspects of the entertainment industry through a variety of incentives. These incentives have and will continue to impact the amount of production that the state is able to bring in and the amount that we are able to keep in the state.
- Some of the states with aggressive incentives, such as Louisiana, do not have the established infrastructure that Florida has. These states, however, are also aggressively pursuing the building of an infrastructure, buildings and people, to support the industry base. Currently, crews are being brought in from other states, including Florida and Texas.

As business continues to grow and become steady in other states, especially neighboring states, the potential for Florida's seasoned trained crew base to further erode is great. Erosion of a well-known, marketable, draw to a state for business needs to be avoided.

- As one respondent to questionnaire stated, "Ignoring it, won't make it go away." The current financial incentive of the state, although extremely successful, should be reviewed and modified to make it more competitive while retaining the integrity of the incentive to benefit the state and our industry and crew. In other words, do not give away the farm.

Concerns relating to the following aspects of the incentive need to be addressed:

1. threshold level of the incentive acting as a disincentive,
 2. adequacy of the incentive regarding commercial production, television pilots, television series, and independent productions,
 3. perception of uncertainty of funding acting as a disincentive to doing business in the state, and
 4. ineffectiveness of the incentive for digital-media-effects and business relocation.
- The use of a transferable corporate tax credit versus annual appropriation should be reviewed to determine if this will ameliorate concerns regarding the state's incentive and will bring more business to the state on a long-term basis.
 - There is a need for a strategic plan for growth of the entertainment industry sector in the state which includes specific steps for growing our indigenous industry.

This should be a roadmap that is developed by the Office of Film and Entertainment in conjunction with Enterprise Florida, Inc., Workforce Florida, Inc., the appropriate university, college, and community college programs in the state. Local film commissions and persons in the industry should be involved in the discussions as well.

- The variety of incentives that encourage independent production and indigenous industry growth that are being used in other states should be reviewed to determine if these could help benefit the state in its efforts to grow this economic development engine. These include incentives related to infrastructure, training, and independent production. They also relate to encouraging distribution and financing.
- Florida is the only state that statutorily specifically excludes “electronic gaming”, i.e., the creative development and physical creation of video games, from its incentives. This is at a time when electronic gaming and other electronic media developments are viewed as being the up and coming wave of the future in the entertainment industry. Louisiana specifically offers incentives to lure such business to relocate to the state. Georgia is trying to become the leader in the field in the Southeast. Questionnaire respondents, film commissioners, crew, and educators, stated that Florida should become the “grandfather, not the grandchild” of this area. Florida should examine how this industry fits into its plans. Possibly the current incentive is not appropriate; however, the issue is with providing a disincentive, even if just perceived, by a growing segment of the industry.
- The sales and use tax exemption does not include an exemption for raw stock film, videotapes, and videocassettes unlike our neighboring competitive states in the southeast and other states. In order to remain competitive, this exemption should be reviewed to determine if it will help the state in its efforts to grow market share. The exemption of these items also needs to be reviewed to determine what additional fiscal impact it would have on the state, both cost and benefit.
- The use of film festivals as distribution hubs for independent filmmakers should continue to be explored by the Office of Film and Entertainment.
- The post-secondary institutions should be encouraged to come together to establish cooperative programs between institutions designed to focus on specific needs of the workplace or on critical needs in professional infrastructure in the entertainment industry. These institutions, if amenable, should be called together to be a think tank for the industry and the state.
- The Office of Film and Entertainment has done a yeoman’s job with the staff and resources at its disposal. From the responses to the questionnaire on entertainment industry and from the survey of other state film offices, it is apparent that the staffing level is inadequate for the statutory responsibilities and

for the expectations of the office. The Film Commissioner should independently determine the staffing level that would help the OFE meet current and future needs. An understaffed office and an under-funded office will have difficulty doing what is required, making a continual positive impression on the industry, and aggressively marketing our state to the world.

Introduction

Purpose

The purpose of the interim project is to review the current depth and breadth of the entertainment industry in the state and to identify issues potentially impacting the long-term growth potential of the industry. The information provided is to assist Members to have a better understanding of the state's entertainment industry sector and the needs of that industry to continue to grow and be competitive in the future. This will entail not only looking at current incentives that bring productions to the state, but also at how the state can grow the industry base and product in Florida.

Background

The Office of Film and Entertainment (OFE) in the Governor's Office of Tourism, Trade and Economic Development, created in 1999,²⁴ is responsible for promoting and developing the state's entertainment industry. Included in this responsibility, among other things, is the promotion and marketing of the state as a site for production; the promotion of our indigenous entertainment industry and producers; and servicing businesses, communities, organizations, and individuals engaged in entertainment industry activities. These activities are to be guided by the statutorily required 5-year strategic plan developed by the OFE with the advice of the Florida Film and Entertainment Advisory Council.²⁵

"Entertainment industry," for purposes of the responsibilities of the OFE, means those persons or entities engaged in the operation of motion picture or television studios or recording studios; those persons or entities engaged in the preproduction, production, or post production of motion pictures, made-for-television movies, television programming, commercial advertising, music videos, or sound recordings; and those persons or entities providing products or services directly related to the preproduction, production, or post production of motion pictures, made-for-television movies, television programming, commercial advertising, music videos, or sound recordings, including, but not limited to, the broadcast industry.²⁶

In 2000, 2003 and 2005, incentives were provided statutorily for the entertainment industry to encourage the state as a site for production. The first incentive involved changing a refund of sales and use taxes to an upfront exemption for qualified

²⁴ The Office of the Film Commissioner was created by Ch 99-251, L.O.F., and placed within the Office of Tourism, Trade and Economic Development for the purpose of developing and promoting the state's entertainment industry. Although created on July 1, 1999, the Film Commissioner was not hired until late September, 1999.

²⁵ See s. 288.1252, F.S., for composition and responsibilities for advisory council.

²⁶ See s. 288.125, F.S.

productions.²⁷ The next was a financial incentive in 2003 to encourage the use of the state as a site for filming, and providing production services for, motion pictures, made-for-television movies, commercials, music videos, industrial and educational films, and television programs by the entertainment industry. The incentive also provided a mechanism to encourage relocation of entertainment industry businesses to the state; however, no relocation projects have received funding. The incentive was modified in 2005 to provide for qualifying and distributing funds according to placement in queues. The financial incentive fund received funding in FY 2004-05 of \$2.45 million and in FY 05-06 of \$10 million. The incentives are available for both indigenous and out-of-state film productions.

Since the statutory purpose of the entertainment industry incentive fund is to encourage the use of this state as a site for filming and providing production services for filmed entertainment, the law defines in great specificity the terms “filmed entertainment,” “motion picture,” and “digital media effects.” These definitions govern eligibility under the incentive. For purposes of the incentive, the law specifically excludes the electronic gaming industry and sporting events from the definition of “filmed entertainment.”²⁸

The change in the tax rebate to an upfront exemption as well as the addition of the financial incentive were, in part, in response to international and other state incentives being used to capture a greater share of the entertainment industry market. In the late 1990’s, the concern was primarily with productions running away to the newly developed Canadian market with its very lucrative national and provincial incentives and exchange rate. Today, however, the term “runaway production” extends beyond Canada and other foreign markets and is often used to refer to productions going to other states. The use of financial incentives and other inducements by states has greatly increased over the last five years as more states are trying to encourage production and relocation of entertainment industry segments.²⁹

Florida, once considered to be the third largest production center in the United States, is now, according to the Motion Picture Association of America (MPAA), considered to be in the top four or five in production in the United States.³⁰

Because of the increasing number of incentives aggressively directed toward lowering production expenditures, increasing infrastructure capability (facility, crew, and vendor), and relocation of industry segments, and the concern over the state’s ability to compete in maintaining or increasing its short-term and long-term market share of the entertainment

²⁷ A “qualified production company” is any production company engaged in this state in the production of motion pictures, made-for-TV motion pictures, television series, commercial advertising, music videos, or sound recordings that has submitted a properly completed application pursuant to s. 288.1258, F.S.

²⁸ See s. 288.1254(2)(a), F.S., for definitions. Note that electronic gaming is the creative development and physical creation of video games.

²⁹ Incentives are discussed later in the report. For a detailed chart of all state incentives see Appendix C.

³⁰ MPAA member companies include: The Walt Disney Company; Metro-Goldwyn-Mayer Studios, Inc.; Paramount Pictures Corporation; Sony Pictures Entertainment, Inc.; Twentieth Century Fox Film Corporation; Universal City Studios, LLP; and Warner Bros. Entertainment, Inc. MPAA conducts its own survey of employment in the industry in the six major studios and independent production companies.

industry, several questions were raised concerning our law, efforts, and plans for the future.

Questions that have arisen concerning the long-term growth potential of the entertainment industry in the state are as follows:

- As we continue to raise our incentive amount for production, how do we compare with what other states are doing to increase their market share? What, if anything, do we need to consider doing in order to maintain or increase our market share? Is it worth our investment long-term?
- What are our state's entertainment industry infrastructure needs, short-term and long-term? How and when should these be addressed?
- What, if anything, is being done to encourage the relocation of entertainment industry companies to Florida? What should be done? What are other states doing?
- What is being done and what needs to be done to grow our indigenous entertainment industry? What are or should be the long-term goals of the state in this area?
- Does the Governor's Office of Film and Entertainment have sufficient staff and funding to meet the statutory requirements of the office and be competitive with other markets in its funding and staffing?

These questions will be addressed in the report.

Methodology

In order to answer questions outlined above, the committee staff did the following:

- Reviewed existing Florida law governing functions and responsibilities of the Office of Film and Entertainment, the Florida Film and Entertainment Advisory Council, and incentives afforded to the entertainment industry.
- Reviewed reports relating to the entertainment industry in the state.
- Surveyed all state film offices throughout the country to obtain information on incentives, office size and funding, both in writing and by telephone.
- Interviewed Departments of Revenue, Taxation, etc. in various states regarding tax incentives.
- Reviewed other state laws governing incentives.
- Reviewed other state reports governing the entertainment industry.
- Reviewed international reports on the globalization of the market.
- Reviewed reports governing future market trends.
- Interviewed the Florida Film and Entertainment Commissioner.
- Surveyed over 350 industry representatives in Florida, including, but not limited to, members of the Florida Film and Entertainment Advisory Council, Film Florida (an organization of Florida Film Commissioners and persons working at all levels in the industry), and state film and entertainment schools.

Structure of Report

The report consists of the following sections, the first three of which contain the findings of the report and the final section which contains the conclusions based upon the findings:

- **Incentives** which address the questions related to the use of entertainment industry incentives, both internationally and nationally, and how Florida's incentive compares with those incentives, especially the recently passed incentives in the U.S.
- **Florida's Entertainment Industry** which addresses the questions regarding infrastructure status and needs and indigenous industry growth, as well as providing an overview of the industry in the state. Some issues discussed will relate back to the previous section on incentives.
- **Office of Film and Entertainment** which briefly reviews the history of the Governor's Office of Film and Entertainment, its responsibilities, staffing, and funding. The staffing and funding of the office is compared to that of other states to provide a point of reference for Florida's ranking with competitor states.
- **Conclusions** which provides conclusions based upon the previous three sections of the interim project report.

Incentives

This section of the report addresses the questions related to the use of entertainment industry incentives, both internationally and nationally, and how Florida's incentive compares with those incentives, especially the recently passed incentives in the U.S.

General Comments

Incentives to attract industry to an area have become an accepted practice especially for industries that infuse large sums of money into a state's economy and the rate of return on dollars invested is significant. The multi-faceted entertainment industry is no different from any other industry sector in this respect.

According to Dr. Sam Grogg, Dean of the School of Communication, University of Miami, "economics is not only a driving reason to defining production potential and activity, it is also the driving factor in the decision regarding whether or not to film at a distant location."³¹ It should be noted that "production cost" is directly related to "production efficiency." Therefore, when determining overall costs, consideration needs to be given to costs as they relate to production efficiency as well. Those efficiency costs include if an area has production savvy personnel, has fully resourced support entities, has accessibility to professional level equipment and related technology, and has other needed infrastructure for the production.³²

Entertainment industry production is an extremely attractive business. Even small productions may employ hundreds of people. The bulk of the job creation is below-the-line which are well-paid jobs that typically include health insurance and pension benefits.³³ A production's spending, on everything from props to transportation to clean-up crews, creates additional jobs, generates local and state taxes, and stimulates the local economy.

Unlike other industries that make decisions regarding location only once, productions are very flexible in decisions regarding location, with the exception of television series that have been long-running which tend to be more like regular businesses with considerations being given to established set locations.

Also, other aspects of the entertainment industry, including electronic media and gaming, appear to be more akin to traditional industry.

³¹ Dr. Sam Grogg, response to House Tourism Committee questions, November 2005.

³² Ibid.

³³ According to statistics provided by the Florida Agency for Workforce Innovation, the average wage in 2004 was \$52,972, excluding benefits. The International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists and Allied Crafts (IATSE) suggests that wages are even higher than those reported by AWI.

Because of the globalization of the entertainment industry and incentives being offered by other countries as well as the lucrative exchange rates, states within the United States have over the last five years begun to be more competitive through the offering of incentives. These incentives are being used in an attempt to keep more production in the country as well as to try to capture and maintain a greater share of the market remaining in the United States or in new emerging markets.³⁴

Below is a brief discussion of international incentives, the national response, Florida's incentives, and incentives in other states.

International Impact on Incentives

Over the last 15 years, there has been an increase in the globalization of the entertainment industry with production, as well as preproduction and postproduction activities, leaving or running away from the United States for markets in other countries. This is often referred to as "runaway" production.

Since the 1990's, incentives being offered by other countries, such as Canada, New Zealand, United Kingdom, Australia, and other European and African countries, have continued to grow. For a description of some of the major international incentives, please see the two charts located in Appendix D.

Often incentives are used to lure business into areas with little or no developed infrastructure, seeking to bring in resources while at the same time developing an indigenous infrastructure. For example, in 5 years, Vancouver Canada went from having a crew base that could support 1 or 2 shows to having resources to support as many as 15 at a time. This began with national, provincial and local liberal incentives while the regional infrastructure began to develop through support of local businesses and an aggressive effort to train production personnel to support the transient entertainment industry.

Over the years, even the more established global markets are becoming concerned about maintaining market share and production "running away" if incentives are not provided. An example is in the United Kingdom where there is concern about the increasingly competitive global entertainment industry market and its potential effect on the retention, let alone, the growth of its own industry. The concern is with the mobility of the labor which is paid almost 50% more than the average worker. According to a study by Oxford Economic Forecasting, people who earn higher wages are more likely to have higher levels of skills and more easily transferable skills, and therefore companies have a greater incentive to recruit them to an international market. The study continues to state that if limited opportunities exist in the UK for people to work in the film industry, there is a risk that the labor force will move abroad for better prospects and careers – the skills used in the UK film industry are inherently transferable to companies in other countries.³⁵

³⁴ Examples are those incentives being offered for digital media and gaming in Louisiana and Georgia.

³⁵ The Economic Contribution of the UK Film Industry, Oxford Economic Forecasting, September 20, 2005, pp. 24 - 28.

Another concern is that with the loss of those workers who are highly mobile, the less mobile, yet well compensated, workforce left behind would have skills and services that would no longer be required. This would create an economic loss of wages and benefits that would have a significant impact. The workforce infrastructure would have to be retrained and new industry clusters would have to be developed at a lower salary base.³⁶

National Response

The “runaway” production economic loss to the United States, touted as being \$10.3 billion in 1998, did eventually lead to passage by Congress of the American Jobs Creation Act in 2004 which was viewed as a step in stemming runaway production and preserving and creating jobs both within the entertainment industry and related industries.³⁷ The details are discussed below.

Federal American Jobs Creation Act (H.R. 4520)³⁸

The American Jobs Creation Act, signed into law in 2004, includes new tax provisions to encourage domestic film production. In addition to changes in income forecasting, film and television productions benefit in the following ways:

- Section 181 of the IRS tax code allows an immediate tax write-off of production expenditures for domestic film and television productions with aggregate costs under \$15 million or, in certain low income areas, productions with aggregate costs under \$20 million. To be eligible, at least 75% of total compensation must be for services performed in the US by actors, directors, producers, and other production personnel. Tax Benefit Duration: Productions commencing after 10/22/04 and before 1/1/09.
- Section 199 of the IRS tax code provides for a 9% deduction for income from domestic production activities. The amount of the credit is limited to the lesser of 9% of net income generated by the domestic production or 50% of taxpayer's W-2 wages. To be eligible, at least 50% of the total compensation for actors, production personnel and others relating to the production of the film must be for services performed in the US. This provision applies to taxable years after 12/31/04.

³⁶ Ibid.

³⁷ The Economic Impact of US Film and Television Runaway Production, The 1999 Monitor Report, commissioned by Screen Actors Guild & Directors Guild of America, prepared by Monitor Company, June 1999.

³⁸ A Brief Guide to the Tax Provision, summary of Federal Program prepared by Ernst & Young and the Directors Guild of America, 2004.

Florida Entertainment Industry Incentives
(available to both out-of-state and indigenous industry)

Description of Current Incentives

Currently, Florida offers two incentives specifically for the entertainment industry, as defined in ss. 288.1251 and 288.1254, F.S.: a point of sale sales and use tax exemption and a financial incentive.

- Sales & Use Tax Exemption – Point of Sale³⁹

The purpose of this exemption is to provide qualified production companies with an exemption from sales and use taxes at the point of sale for the purchase or lease of certain items used exclusively as an integral part of the production activities in the state. This exemption is similar to those used in other states. One notable exception is that raw stock film, videotapes, and videocassettes are taxable in Florida unlike our neighboring competitive states in the southeast and other states.⁴⁰

- Entertainment Industry Financial Incentive Program

The available incentive amount for the program is based upon an annual legislative appropriation. The program was enacted in 2003 but did not receive funding until FY 2004-05 when \$2.45 million was appropriated. The program was modified in 2005 and received an appropriation of \$10 million for FY 2005-06.

The purpose of this program is to encourage the use of Florida as a site for film and video production, to advocate the hiring of Florida residents as staff, cast or crew and to support and encourage the use of other Florida services and equipment companies in the production of filmed entertainment. The program is also to encourage the relocation to and/or expansion of digital-media-effects companies and motion picture, television production and postproduction companies in Florida.

Production Incentive:

A qualified production⁴¹ is eligible to receive up to 15% in a cash reimbursement of in-state qualifying expenditures up to a maximum of \$2 million provided that the production has a minimum in total qualified expenditures of \$850,000 for the entire run of the

³⁹ The tax was changed from a refund to a point of sale in 2000 by Ch 2000-182, LOF. The law did not take effect until January 1, 2001.

⁴⁰ Georgia, Louisiana, Maine, Maryland, Mississippi, New Mexico, New York, North Carolina, Pennsylvania, South Carolina, Texas. These states specifically indicated an exemption.

⁴¹ A “qualified production” is filmed entertainment that makes expenditures in this state for the total or partial production of filmed entertainment. Productions cannot contain obscene content as defined by the United States Supreme Court. A production is not qualified if it is determined that the first day of principal photography in this state occurred on or before the date of submitting an application to OFE or prior to certification by OTTED. Also, note that electronic gaming industry and sporting events are specifically excluded.

project. In determining the expenditures, the wages, salaries, or other compensation of two highest paid employees is excluded. The final reimbursement is determined after receipts and other information has been submitted to the Office of Film and Entertainment (OFE) for review.

By statute, 60% of the incentive funding is dedicated to theatrical or direct-to-video motion pictures, made-for-TV movies, commercials, music videos, industrial and education films, promotional videos or films, documentary films, TV specials, and digital-media-effects productions by entertainment industry to be sold or displayed in an electronic medium. The remaining 40% is dedicated to TV pilots or TV series to be sold or displayed in an electronic medium.⁴²

Funding for the two queues remains separate until February 1 of the fiscal year when the funding and queues are combined.

Digital Media Effects Company:

The statute provides that a digital-media-effects company in the state may be eligible for a payment of not more than 5% of its annual gross revenues of qualified expenditures as defined in s. 288.1254(2)(c), F.S. The Office of Film and Entertainment reviews applications for eligibility for reimbursement.

The revision of the statute in 2005 did not provide funding for this aspect of the law.

Qualified Relocation Project:

A qualified relocation project is a corporation, limited liability company, partnership, corporate headquarters, or other private entity that is domiciled in another state or country and relocates its operations in this state, is organized under the laws of this or any other state or country, and includes as one of its primary purposes digital-media-effects or motion picture and television production or postproduction.

The project may receive a one-time incentive payment in an amount equal to 5% of its annual gross revenues before taxes for the first 12 months of conducting business in its Florida domicile or \$200,000, whichever is less.

The revision of the statute in 2005 did not provide funding for this aspect of the law.

Other Incentives Not Specific to Entertainment Industry – Available to Industry:

Although not specifically related to the entertainment industry, certain incentives are available for business relocation and expansion under the Office of Tourism, Trade and Economic Development (OTTED) and Enterprise Florida, Inc. These include programs such as Qualified Target Industry Refund Program (QTI), Urban Job Tax Credit Program,

⁴² Included in the 40% are drama, reality, comedy, soap opera, telenovela, game show, or miniseries productions.

and Rural Job Tax Credit Program. Many local governments provide incentives separate and in concert with state incentives for businesses creating unique packages for businesses. Although these incentives do not fit the smaller, more transient in nature businesses, other types of businesses under the entertainment industry might qualify.

The QTI Tax Refund targets only businesses serving multi-state and/or international markets. Under the category of information industries, the following entertainment-related industries are listed: integrated record production/distribution; film, video and electronic media production, excluding temporary “on location” filming; postproduction services; and, software and music publishing. See Appendix E for the complete QTI Target Industries list provided by OTTED.

Impact of Entertainment Incentives⁴³

Production Impact:

According to information provided by the Office of Film and Entertainment from data gathered on qualified productions receiving sales and use tax exemptions through a certificate of exemption and for qualified productions receiving incentive funding through the incentive reimbursement program, the rate of return on the state’s investment is substantial.

Both incentives are available to in-state and out-of-state productions. This is to help grow the state’s indigenous industry and keep business here as well as to bring in production business from outside the state.

The latest data on the *point of sale sales and use tax exemption* for calendar year 2005 shows that there were 722 applicants with almost 63% being in-state. It was estimated that 6,672 FTEs were created and 30,195 freelance or independent contractor jobs were created for a total job creation of 36,867. The combined out-of-state and in-state return on investment was as follows:

- | | |
|-------------------------------|---------------|
| • Total Economic Impact | \$689,771,680 |
| • Total Amount of Tax Credits | \$ 10,516,628 |
| • Return on Investment: | 66:1 |

With no multiplier effect included, the return on investment for the \$2.45 million appropriated for the *entertainment industry incentive* in 2004-05 was 7.5:1 with estimated total in-Florida production expenditures of almost \$18.5 million with more than \$9.1 million being Florida resident wages. The return on the \$10 million for FY 05-06 is estimated to be 7.4:1 with an estimated total in-Florida production expenditure of \$73.9 million with Florida resident salaries accounting for more than \$36.6 million. In the first year, four productions were certified for funding while 15 productions were certified as of December, 2005 for funding in the second year.

⁴³ See Appendix F for more detailed return on investment information.

From a local perspective, an example of the impact of the financial incentive was reported by Jeff Peel, Director of the Miami-Dade Mayor's Office of Film and Entertainment, in his response to the House Tourism Committee questionnaire:

“Florida’s investment in film production incentives has paid off in each of the two years incentives have been made available. Miami has seen eight or nine projects shoot here that would otherwise not have come to our area. This has been especially good as these projects have occurred mostly in the summer months, when it has been traditionally slow in the production sector here.”

Digital Media Effects Company Impact:

According to the Office of Film and Entertainment, only two digital media applications have been approved in two years.

Qualified Relocation Project Impact:

According to the Office of Film and Entertainment, there have been no applications received for company relocations over the two years that funding has been available. As stated earlier, company relocations are often encouraged through other, more lucrative economic development incentives available through OTTED with recommendation by Enterprise Florida and through local government economic development agencies.

Questionnaire Responses on Adequacy of Incentive⁴⁴

For those responding to question 1 of the survey, over 55% specifically indicated that the incentive amount needed to be increased to be more competitive with other states. Others did not indicate an increase in funds but did state that Florida needed to review what other states had done, such as Louisiana, Georgia, North Carolina, and New Mexico to see what can be done to not only encourage production coming into the state, but also to encourage indigenous production. Specific suggestions included, but are not limited to:

- Provide a mechanism for the incentive to be eligible from one year to the next without having to come back to the Legislature each year. Providing a roll over mechanism for the Film Commissioner to have at his/her disposal.
- Lower the threshold from \$850,000.
- Change timeframes to accommodate television pilots and commercials.
- Provide greater incentives for our own industry as well as bringing business in from the outside. Keep our infrastructure strong.
- Choose a permanent funding source so it is not jeopardized by annual appropriation.

⁴⁴ Whenever the term “questionnaire” is used in the report it refers to the Tourism Committee questionnaire on the entertainment industry that was used to survey more than 350 industry representatives in Florida, including, but not limited to, members of the Florida Film and Entertainment Advisory Council, Film Florida (an organization of Florida Film Commissioners and persons working at all levels in the industry), and state film and entertainment schools. The questions used are those listed under the discussion on background of the report. See Appendix A for Questionnaire.

- Consider low-interest loans for filmmakers.
- State has to be willing to invest in its own people and industry.
- Find ways to encourage distribution and financing for local productions.
- Look at future of entertainment industry and claim the digital industry.

Questionnaire Responses on Relocation of Entertainment Industry Companies⁴⁵

For those responding to the question relating to business relocation, 67% was unaware of any initiative by the state to relocate entertainment industry companies. Respondents, who were familiar with any business relocation initiatives, cited local government and local economic development agency involvement in efforts rather than the state. Only a few cited the state film commissioner as saying that the incentive under the existing entertainment law had never been used.

Some stated that there needed to be more coordination between the Office of Film and Entertainment, Enterprise Florida, Inc., and local governments in these initiatives. Additionally, it was stated that the current economic development tools used by EFI and local economic development agencies are appropriate but that the industry is not being properly targeted by EFI. Finally, issues were raised about increasing work for existing companies before trying to bring others in, stating that “business will bring business.”

Recommendations for Change to the Entertainment Industry Financial Incentive Proposed by the Florida Film and Entertainment Advisory Council

The Florida Film and Entertainment Advisory Council (FFEAC), in conjunction with Film Florida, has been reviewing the current law to determine what changes, if any, should be proposed to the Office of Film and Entertainment, the Governor, and the Legislature in order to improve the current financial incentive. Based upon a series of public meetings, the following changes were approved for recommendation at the December 9, 2005 meeting. These changes address concerns relating to commercial production, television pilots and episodes, minimum expenditure requirements, encouraging independent production, application process, and method of funding of the incentive. The following were recommended:

- Eliminate specific incentives in law relating to qualified relocation projects and digital-media-effects companies because of lack of use.⁴⁶
- Change the current law allowing for two queues to four queues to do the following:
 1. Recognize the differences between commercial and music video production and film, television movies, and specials by splitting into two queues, with 58% of funding for the film queue and 20% for the commercial and video production;

⁴⁵ Ibid.

⁴⁶ According to the Office of Film and Entertainment, removal of these two application areas would also streamline the current application and application process.

2. Provide emphasis on TV pilots by changing the current TV pilots or TV series queue to include only TV pilots and shift the series (episodes) to the film queue, with 20% of funding to be used for TV pilots.⁴⁷
 3. Create a new queue for an independent film and video distribution bonus to encourage independent, indigenous productions, with 2% of funding set aside for this purpose.⁴⁸
- Reduce the minimum Florida qualified expenditure requirement from \$850,000 to \$625,000 for the film, TV Movie, TV series, and TV pilots to conform to what is the current Screen Actors Guild minimum threshold for low-budget films.⁴⁹
 - Reduce minimum expenditure to \$500,000 and reduce the \$2 million reimbursement cap to \$500,000 for commercials and music videos and allow production companies to add up qualified expenditures from multiple commercials within fiscal year to reach minimum expenditures. Also allow for cumulative spend over a fiscal year to meet minimum expenditure level.⁵⁰
 - Modify the application and reimbursement process, provide for rules, and specify marketing requirements for Florida recognition in productions.

The FFEAC also specifically recommended retaining the current maximum reimbursement of 15% up to the maximum payout of \$2 million. The rationale for this was to avoid watering down the current level of return on investment and because the current demand level for incentive is high.

Finally, the FFEAC was reviewing and comparing the current funding of the incentive through appropriation to the use of a transferable tax credit similar to what most of Florida's competitor states use as their incentive. The official recommendation was not provided at the meeting. The FFEAC did, however, review a comparison of the "drawbacks" of Florida's system of funding versus "remedies" to those drawbacks to production in the state that would be brought about through funding as a transferable tax credit. The one page comparison is found in Appendix G.

Generally, the incentives that have a transferable tax credit use their state's corporate income tax as the base for the incentive. These incentives, as well as others, are briefly discussed below.

⁴⁷ According to the Office of Film and Entertainment, by having a separate queue for TV pilots money can be set aside for pilots and money will be available to accommodate the industry schedules for pilots. A pilot, if picked up, can mean up to 20 or more episodes. Unless filmed in the state, the likelihood of getting the series is very slim.

⁴⁸ The pilot program is to encourage not only the distribution of Florida films, but also to encourage distributors to come to the Florida market and to its film festivals.

⁴⁹This reduction is also seen as assisting in encouraging more independent, indigenous filmmaking.

⁵⁰ By allowing commercials to be cumulative, and lowering the base level, this change is thought to encourage multiple commercials in the state and to encourage repeat business. According to the Office of Film and Entertainment, many production companies only shoot one "high-end" commercial per year in Florida. The spending on these commercials ranges from \$75,000 to \$300,000.

Incentives in Other States

The impact of the incentives being offered in other states is difficult to analyze and compare from state to state since the methodology for determination of the amount of production in a state and the determination of the overall impact is not shared between states. It is not known if multipliers are used to determine the impacts being touted or if they are based only upon reported expenditures used in a state's determination of credit or refund eligibility. The only information available at the federal level under the Department of Commerce is based upon employment information provided by the states based upon NAICS codes.⁵¹ However, which codes a state uses to determine employment categories for the entertainment industry are not consistent. The information, at least in Florida, only includes information reported for unemployment compensation purposes.

A comparison of the impact of production from one state to another is largely based on what each state reports, tempered with what the Motion Picture Association of America determines from its studies as described in the introduction to the report.

In order to give some indication on how recently passed incentives have impacted the level of production in states, the following is provided for Illinois, Louisiana, New Mexico, and North Carolina. The information provided for North Carolina is prior to the passage of legislation in 2005 which brought increased television production to the state.

<u>States</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Illinois		\$25 million	\$77 million ⁵²
Louisiana	\$11.8 million	\$188.8 million	\$354.7 million ⁵³
New Mexico	\$8 million	\$80 million	\$120 million ⁵⁴
North Carolina		\$209 million	\$235 million ⁵⁵

As can be seen from the figures above, the State of Illinois is touting a 200% increase in production in the state after its implementation of its income tax incentive. The State of Louisiana has increased its production from \$11.8 million to over \$354 million two years following the beginning of its incentives.

⁵¹ North American Industrial Classification System (NAICS) replaced the Standard Industry Classification System (SIC) for reporting unemployment information. The data does not include information related to business enterprises that are owned and operated by sole proprietors.

⁵² Illinois Film Office Press Release (2005, June 8). *Gov. Blagojevich Announces Continued Growth of Illinois Film and Television Industry*.

⁵³ According to Alex Schott, director of the Governor's Office of Film and Television Development, prior to passage of the incentives in 2002, the state generated between \$20 and \$30 million in movie production annually; Bongiorni, Sara, (2005, February 1). *Movie mecca: Hollywood is hooked on Louisiana's tax incentives, but other states are eyeing the prize. It's a battle to become the next*. Greater Baton Rouge Business Report.

⁵⁴ Verrier, Richard, (2005, April 17). *Dollars fall lures filmmakers back*. Orlando Sentinel; "Analysis of the Film and Video Industry in Arizona", ESI Corporation, December 2004, p. 4.

⁵⁵ Wagginer, Martha (2005, April 11). *N.C. seeks film incentives as it maintains national ranking*. WCNC.com.

States have produced studies reviewing their own status in garnering production dollars in comparison with other states, including a review of Florida's incentive, and have been aggressively pursuing changes in their laws.⁵⁶

Even the State of New York and New York City cited a loss in revenue especially in the use of sound stages as the rationale to offer incentives for productions to use New York and New York City. The City now states that over \$500 million in business can be credited to the new state and city incentives.

The State of California has been studying the impact of incentives of other states on the entertainment industry's future in the state. The California Film Commission Report stated that no longer could California rely on post production work coming back to the state even if production went elsewhere nor could it rely on its crew base being used for productions that traveled to other states. The biggest threat to motion picture employment and payrolls in the state was runaway production to other states as well as countries. The conclusion:

...The low (and falling) foreign exchange value of the U.S. dollar will help California in competition with overseas and Canadian locations for productions. California will have to compete with other U.S. states for this business, however, and our high cost of doing business and lack of incentives could put us at a disadvantage.⁵⁷

During 2005, legislation failed to pass in the State of California that would have provided a 12% tax credit on wages and other production costs, worth as much as \$3 million per production. Some TV shows would have received a 15% break, while qualified commercial production companies would have gotten a 10% credit. Concerns regarding the legislation centered on the estimated outlay of \$100 million and the differences in qualification restrictions for filmmakers, television series and commercials. Sponsors of the legislation have promised to pursue efforts in the upcoming session.⁵⁸

Prior to passage of the new North Carolina incentive, the state film commissioner, Bill Arnold, expressed the following concern about his state which is a concern shared by other states that have an established entertainment industry infrastructure:

Our big concern, if we don't have some way of combating those (out-of-state) incentives, is that we're going to lose the infrastructure we have now that has worked so well for the past 20 years. If our crews have to keep going to Atlanta or

⁵⁶ Arizona, California, Massachusetts, Montana, and North Carolina are some of the states with studies reviewed for this report.

⁵⁷ What Is The Cost of Run-Away Production? Jobs, Wages, Economic Output and State Tax Revenue At Risk When Motion Picture Productions Leave California, (California Film Commission Study), Los Angeles County Economic Development Corporation, August 2005, p. 4.

⁵⁸ The 2005 legislation was AB 777 by Assembly Speaker Fabian Nunez.

Louisiana to work, they're just going to leave. If those contiguous states continue to draw business away from us, then our industry is going to be in serious trouble.⁵⁹

Some states without a strong infrastructure, such as Louisiana, are using the incentives to lure business while infrastructure is being brought in from outside until a base can be built in the state. The director of the Louisiana Film Office has compared the state to Canada ten years ago before it had developed its infrastructure.

Louisiana and seven other states have enacted transferable tax credits that are assignable, can be sold, or can be carried forward for a number of years. Depending upon the state, these credits are offered to production companies on investments (LA, GA), payroll (LA, GA, IL, MA), and production costs (LA, AZ, GA, MA, MO, PA, RI). Nine states offer income tax refunds, rebates, or credits on payroll, production costs, or investments. New Mexico and New Jersey offer low interest loans or loan guarantees to encourage film production. Three states, Louisiana, Oklahoma, and South Carolina, offer incentives for investment in facilities, productions, and certain entertainment businesses.

Unlike Florida's incentive that does not require the hiring of a percentage of residents, the production incentives offered by many other states are tied to employment of residents, with some requiring the hiring of a percentage of local crew, or the use of soundstages or other facilities. Some states offer additional incentives related to employment and to the training or mentoring of crew by a production. Often these are used to help build the infrastructure base of a state.

The following chart provides a summary of the incentives offered by all states. See Appendix C for a detailed explanation of incentives on all 50 states.

⁵⁹ Wagginer, Martha (2005, April 11). *N.C. seeks film incentives as it maintains national ranking.* WCNC.com.

State Entertainment Industry Incentives

STATE	INCENTIVE	DESCRIPTION
Arizona*	TRANSFERABLE INCOME TAX CREDIT	<ul style="list-style-type: none"> ▪ Beginning 12/31/05, can transfer or sale individual & corporate income tax credits for motion picture production costs in AZ. ▪ Credit carry forward of 5 years. ▪ 10% credit for up to \$1M spend, 15% credit for \$1M to \$3M, and 20% credit for over \$3M. ▪ \$5M cap per production on credits. ▪ Minimum spend in state of \$250,000 in specified production costs. ▪ Must hire percentage of AZ residents increasing from 25% in 2006 to 50% in 2008. ▪ Yearly total credit cap of \$30M (2006) to \$70M (2010). ▪ Sunsets 1/1/2011.
Florida*	EXPENDITURE REIMBURSEMENT -- Entertainment Industry Financial Incentive	<ul style="list-style-type: none"> ▪ 15% reimbursement of qualified Florida expenditures for production spending of at least \$850,000. ▪ Maximum reimbursement of \$2 million per production. ▪ In state digital media effects company may be eligible for up to 5% of annual gross revenues on qualified expenditures or \$100,000, whichever is less. ▪ One-time incentive payment of 5% of annual gross revenues before taxes for 1st year of doing business in state domicile or \$200,000, whichever is less may be offered to encourage certain qualified entertainment companies to relocate to Florida. ▪ Annual appropriation, currently funded at \$10 million per year.
Georgia*	TRANSFERABLE INCOME TAX CREDIT	<ul style="list-style-type: none"> ▪ Base tax credit equal to 9% of all in-state expenditures for companies that spend a minimum of \$500,000. ▪ Additional 3% credit on wages paid to Georgia residents. ▪ Additional 3% credit for productions in designated distressed areas. ▪ An additional 2% credit is available for TV productions that spend more than \$20 million annually. ▪ Additional provisions are made for certain existing companies in the state. ▪ Credits may be transferred, sold or carried forward for up to 5 years. ▪ No capped dollar amount per type of production, only percentage cap. ▪ No state cap on total dollar amount of credits allowed per taxable year.

STATE	INCENTIVE	DESCRIPTION
Hawaii	REFUNDABLE INCOME TAX CREDIT	<ul style="list-style-type: none"> ▪ Maximum credit is 4% of total production expenditures and 7.25% of lodging tax. ▪ Credit is granted at 100% or 75% based upon criteria. ▪ Must spend \$2M minimum for feature film or \$750,000 for TV, and have Hawaiian name in title, etc. to receive 100%. ▪ 75% requires \$3M and \$1M spend, respectively, and 50% local hires.
	NON-REFUNDABLE INVESTMENT TAX CREDIT	<ul style="list-style-type: none"> ▪ Income tax credit equal to 100% of HI taxpayer's investment distributed over 5 year period for investment in qualified business that produces performing arts products. ▪ Capped at \$2M per qualified investment.
	ROYALTIES TAX EXEMPTION	<ul style="list-style-type: none"> ▪ Exempts from gross income, adjusted gross income, and taxable income on state income tax amounts received as royalties, copyright, and trade secrets for performing arts products.
Illinois*	TRANSFERABLE INCOME TAX CREDIT	<ul style="list-style-type: none"> ▪ 25% transferable income tax credit on first \$25,000 of wages and benefits paid to Illinois residents by the production company. ▪ Excludes two highest employees from wage consideration. ▪ 10% additional credit for wages and benefits paid to residents residing in economically disadvantaged areas. ▪ Credit can be transferred to third party or carried forward for 5 years. ▪ Credit is not refundable and law does not indicate authorization for sale of credits. ▪ No total state funding cap on credits. ▪ Repeals 1/1/07.
Louisiana**	TRANSFERABLE INCOME TAX CREDIT -- Motion Picture Investor	<p><u>State-Certified Production</u></p> <ul style="list-style-type: none"> ▪ Credit equal to 25% of the in-state base investment if more than \$300,000 is spent. ▪ Additional transferrable 10% credit on total aggregate payroll of state residents, excluding salaries in excess of \$1M. ▪ Credits can be transferred or sold to a Louisiana taxpayer or to the state. ▪ Base investment credit decreases to 20% in 2010 and 15% in 2012. ▪ No cap on per project credit. ▪ No cap on state credit availability. <p><u>State-Certified Infrastructure Project</u></p> <ul style="list-style-type: none"> ▪ Credit equal to 15% of base investment expended on project if more than \$300,000. ▪ No caps like production. ▪ Repeals 1/1/08.

STATE	INCENTIVE	DESCRIPTION
Louisiana <i>continued</i>	TRANSFERABLE INCOME TAX CREDIT -- Digital Interactive Media Producer Credit	<ul style="list-style-type: none"> ▪ Credit of 20% of base investment for first 2 years. ▪ 15% for 3rd & 4th years. ▪ 10% for 5th & 6th years. ▪ Producer must commit to continue business operations for 1 year after certification. ▪ Must commit to stay until return has met or exceeded credits. ▪ Credits may be sold or transferred. ▪ 10 year carry forward. ▪ Repeals 1/1/2010.
	REFUNDABLE INCOME TAX CREDIT -- Sound Recording Investor Credit	<ul style="list-style-type: none"> ▪ For both state-certified recording productions & musical recording infrastructure projects. ▪ 10% credit, if investment greater than \$15,000 but less than \$150,000. ▪ 15% credit, if more than \$150,000 but less than \$1M. ▪ 20% credit, if more than \$1M. ▪ \$3M total annual credit cap. ▪ Repeals 1/1/08.
Maryland*	WAGE REBATE -- Film Production Activity	<ul style="list-style-type: none"> ▪ Wage rebate up to \$12,500 per eligible employee for projects spending at least \$500,000. Does not include any portion of wage of person making \$1M or more. ▪ Maximum rebate of \$2M for any film production activity. ▪ Funded through state appropriation.
Massachusetts*	TRANSFERABLE INCOME TAX CREDIT	<ul style="list-style-type: none"> ▪ Credit of 20% of aggregate payroll constituting MA source income. ▪ Cannot include salaries of employee of \$1M or more. ▪ Additional 25% credit of all state production expenses. To get the additional credit, more than 50% of production spend must be in state or at least 50% of principal photography days must be in state. ▪ Minimum production costs in state of \$250,000. ▪ \$7M cap in credits for any 1 motion picture production. ▪ No annual cap on credits. ▪ Not refundable. ▪ May transfer, sell or assign but only to other film taxpayers. ▪ Repeals 1/1/2013.
Mississippi*	NON-TRANSFERABLE, NON- REFUNDABLE INCOME TAX CREDIT	<ul style="list-style-type: none"> ▪ Credit of 10% of total aggregate payroll for residents employed in state-certified production to be applied against company's tax liability. ▪ 10 year carry forward.
	INCOME TAX REBATE	<ul style="list-style-type: none"> ▪ 10% rebate of base investment of production company in state, i.e., expenditures excluding payroll. ▪ Rebates funded from current year income tax collections.

STATE	INCENTIVE	DESCRIPTION
Missouri	TRANSFERABLE INCOME TAX CREDIT	<ul style="list-style-type: none"> ▪ Credit up to 50% of state expenditures not to exceed \$1M in credits per project. ▪ Credits may be sold or transferred. ▪ Credits may be carried forward up to 5 years. ▪ Total credit capped at \$1.5M per year.
Montana	REFUNDABLE INCOME TAX CREDIT	<ul style="list-style-type: none"> ▪ Credit of 12% of resident labor expenditures earned on first \$50,000 of wages per resident. ▪ Credit of 8% of total qualified production expenditures. ▪ Excess credit refunded or carried forward for 4 years. ▪ \$1M maximum credit per certified production. ▪ Expires 1/1/2010.
	PROPERTY TAX & LICENSING FEES	<ul style="list-style-type: none"> ▪ No business equipment tax on motion picture related vehicles and equipment brought into the state for first 180 days.
New Jersey*	LOAN GUARANTEE	<ul style="list-style-type: none"> ▪ Provides guarantee for a portion of loans made by other lenders to encourage lenders to finance film projects. ▪ Guarantee cannot exceed 30% of bank financing costs or \$1.5M, whichever is less. ▪ State retains security interest in assets of company. ▪ Production company must have 70% of shooting days in state & hire at least 50% state crew in below-the-line jobs. ▪ Outstanding balance for loans cannot exceed \$10M. ▪ Program to be reviewed by Legislature in 2008.
New Mexico*	INCOME TAX REBATE	<ul style="list-style-type: none"> ▪ No cap on total credit available. ▪ No per project cap, other than percentage of credit. ▪ No requirement for percentage of shoot in state. ▪ 15% rebate of film production expenditures applied against company's tax liability. ▪ Additional 5% rebate, if 60% of below-the-line payroll is NM crew. ▪ Repeals 1/1/2009.
	GUARANTEED, NO INTEREST LOAN PROGRAM	<ul style="list-style-type: none"> ▪ Guaranteed, 0% interest loan for up to \$15M per project for qualifying feature films or TV projects. ▪ Investments can account for 100% of cash financing. ▪ Required participation in revenues. ▪ Requires 85% of principal photography be in state ▪ 60% of below-the-line payroll is for NM residents. ▪ Loans paid back in 5 years. ▪ Paid for from Severance Tax Permanent Fund.

STATE	INCENTIVE	DESCRIPTION
New Mexico <i>continued</i>	WAGE REIMBURSEMENT -- Film Crew Advancement Program	<ul style="list-style-type: none"> • 50% wage reimbursement to productions providing OJT to qualified crew members (NM residents).
New York*	REFUNDABLE INCOME TAX CREDIT	<ul style="list-style-type: none"> • 10% corporate/partnership/individual refundable income tax credit for film and TV productions for below-the-line in-state expenses including postproduction if 75% of aggregate sound stage work is performed in a NY production facility of at least 7,000 sq.ft. or if actual costs attributable to facility is less than \$3M, then 75% of aggregate shooting days outside of facility must be in NY to qualify for refund. • If credit cannot be used, 50% is refundable the first year. Fully refunded in two years. • Credit is capped at \$25M per year. • Credit is a rolling cap with projects eligible on first come, first served basis the following year. • Repeals 8/20/08. <p>NYC ADD ON:</p> <ul style="list-style-type: none"> • NYC offers an additional 5% refundable tax credit against NYC tax liability. • NYC annual credit cap is \$12.5M.
North Carolina*	REFUNDABLE INCOME TAX CREDIT	<ul style="list-style-type: none"> • Credit of 15% of eligible in-state spending on goods, services & labor. • \$250,000 minimum expenditures required. • Maximum credit allowed per project is \$7.5M for feature film. • Goods purchased at cost of \$25,000 or more, the qualifying expense is purchase price less fair market value at production completion. • Cannot count salaries in excess of \$1M. • Credit refundable if exceeds taxes owed. • NO total annual credit limitation.
Oklahoma*	FILM ENHANCEMENT REBATE PROGRAM	<ul style="list-style-type: none"> • Up to 15% rebate of documented expenditures, if use 50% state crew. • 10% rebate must hire 25% to 49% state crew. • 5% rebate for less than 25%. • Minimum budget of \$2M of which \$1.25M is spent in state. • Cap on rebate is \$5M annually from GR.
	INCOME TAX -- Film & Music Projects Investment Credit	<ul style="list-style-type: none"> • 25% income tax credit on profits made when reinvested in another film or music project produced in state.
	INCOME TAX -- Facility Tax Credit	<ul style="list-style-type: none"> • Offered to companies building film or music production facilities. • Minimum \$500,000 construction project. • Tax credits range from 10% to 25% (projects over \$1M). • Nonassignable and nontransferable.

STATE	INCENTIVE	DESCRIPTION
Oregon	INCOME TAX -- Labor Rebate	<ul style="list-style-type: none"> ▪ Rebate of approximately 6.2% of wages paid through regular payroll by qualified film production. ▪ Production must incur \$1M or more actual expenses in state.
	PRODUCTION INVESTMENT FUND	<ul style="list-style-type: none"> ▪ 10% reimbursement of actual expenses up to \$250,000 for film. ▪ 10% reimbursement up to \$30,000 per episode of TV series. ▪ Total actual expenses for film must equal or exceed \$1M to qualify. ▪ Funding dependent upon appropriation.
Pennsylvania*	TRANSFERABLE INCOME TAX CREDIT	<ul style="list-style-type: none"> ▪ Up to 20% credit for eligible film production expenses, if 60% of expenses occur in state. ▪ May sell or assign credits. ▪ 3 year carry forward for unused credits. ▪ \$10M annual cap on all credits.
Rhode Island	TRANSFERABLE INCOME TAX CREDIT -- Motion Picture Production	<ul style="list-style-type: none"> ▪ \$300,000 minimum budget. ▪ 25% credit of certified production costs. ▪ Credits may be transferred or sold. ▪ No cap per project. ▪ No total cap for credits.
	NON-TRANSFERABLE INCOME TAX CREDIT-- Production Investor Tax Credit	<ul style="list-style-type: none"> ▪ 15% of taxpayer investment, if production's investment is more than \$300,000 but less than \$5M. ▪ 25% credit, if production's investment is greater than \$5M. ▪ 3 year carryforward of unused credits.
South Carolina***	INCOME TAX REBATE -- Motion Picture Production	<ul style="list-style-type: none"> ▪ Up to 15% rebate of total aggregate SC payroll withholding. ▪ Rebate applies to both resident & nonresident production employees. ▪ Does not include salaries of \$1M or more. ▪ Production costs must equal or exceed \$1M in state. ▪ Limited to annual appropriations of \$10M.
	INCOME TAX CREDIT -- Commercial Production	<ul style="list-style-type: none"> ▪ 10% of SC investment in commercial. ▪ 10 year carryforward. ▪ \$1M statutory limit for total credits per year.
	INCOME TAX CREDIT -- Production Investment	<ul style="list-style-type: none"> ▪ 20% of taxpayer's cash investment in company that develops or produces qualified SC motion picture project. ▪ Taxpayer total credit for project limited to \$100,000. ▪ \$250,000 minimum project cost in state and not less than 10 days shot in state.
	INCOME TAX CREDIT -- Facilities	<ul style="list-style-type: none"> ▪ 20% of taxpayer's investment in company that constructs, converts, or equips production or postproduction facility in state. ▪ \$2M minimum investment in production facility. ▪ \$1M minimum in postproduction facility. ▪ \$5M total credit cap per facility.

STATE	INCENTIVE	DESCRIPTION
South Carolina <i>continued</i>	SUPPLIER REBATE	<ul style="list-style-type: none"> Up to 15% rebate on expenditures made in state. Must have at least \$1M expenditures. Funding limited to funds distributed annually from admissions tax.
Utah*	POST-PERFORMANCE REBATE	<ul style="list-style-type: none"> 10% or 8% rebate of dollars left in state, based upon ROI. 60% of film must be shot in rural Utah. Project caps range from \$500,000 per feature film, \$250,000 made for TV film, \$100,000 per TV episode or \$500,000 for episodic series for pilot and 1st season. FY 06 total funding capped at \$1M.
Vermont*	NON-RESIDENT INCOME TAX BREAK	<ul style="list-style-type: none"> Income tax imposed upon performers is the lesser of home state or Vermont's tax rate.
Virginia*	HISTORY FILM FUND	<ul style="list-style-type: none"> \$800,000 appropriation for FY 2006 for history-themed productions about state.

*States that also have a sales and use tax exemption.

**The Louisiana sales and use tax exemption expired 1/1/06.

***Qualified productions exempt from lodging taxes.

Source: Tourism Committee Survey of 50 States; Current as of 12/15/05.

States With Tax Exemptions Only

STATE	EXEMPTION	DESCRIPTION
Alabama	Sales & Use Tax (sunsets 9/30/06)	<ul style="list-style-type: none"> Sales & use tax exemption on production expenses; state & local lodging taxes for approved production project.
Arkansas	Sales & Use Tax	<ul style="list-style-type: none"> Refund of sales and use tax on property and services for production; includes 5.185% reduction in state sales tax on lodging.
California	Sales & Use Tax	<ul style="list-style-type: none"> Exemption for qualified production services and for transfers of all or part of interest or rights to finished work & intermediary materials. Exemption for partnership property used to produce motion pictures.
Connecticut	Sales & Use Tax Property Tax	<ul style="list-style-type: none"> Sales & use tax exemption. Property tax exemption for machinery or equipment used in production of motion pictures, video & sound recordings.
Delaware	Ad Valorem Tax	<ul style="list-style-type: none"> 15 year exemption for motion picture studios and plant from all ad valorem tax on lands, buildings & chattel.
Idaho	Sales & Use Tax	<ul style="list-style-type: none"> Upfront exemption for certain taxes related to radio and television broadcasting and production companies.
Kentucky	Sales & Use Tax	<ul style="list-style-type: none"> Refund of sales & use taxes for qualified production expenditures. Refund of state sales tax on lodging for qualified productions.

STATE	EXEMPTION	DESCRIPTION
Maine	Sales & Use Tax	<ul style="list-style-type: none"> ▪ Point of sale exemption for equipment, materials and services for film and video production companies. ▪ Exemption for 95% of fuel and electricity used at production site.
Minnesota	Sales & Use Tax	<ul style="list-style-type: none"> ▪ Point of sale exemption on TV commercials only. ▪ Capital equipment tax refund for equipment used in any production, not just TV.
Tennessee	Sales & Use Tax	<ul style="list-style-type: none"> ▪ Refund on sales & use tax paid by motion picture production company. ▪ Eligible for refund of hotel tax for first 30 days of stay, if stay longer than 30 days.
Texas	Sales & Use Tax	<ul style="list-style-type: none"> ▪ Point of sale exemption on purchases, rentals or lease of qualifying machinery, equipment, and supplies.
Washington	Sales & Use Tax Car Rental Tax	<ul style="list-style-type: none"> ▪ Point of sale exemption on sales & use tax for rental of production equipment and purchase of production services. ▪ Rental of qualifying vehicles used for production purposes are exempt from rental car tax.

Source: Tourism Committee Survey of 50 States; Current as of 12/15/05.

Florida's Entertainment Industry

This section addresses the questions regarding infrastructure status and needs and indigenous industry growth, as well as providing an overview of the industry in the state. Some issues discussed will relate back to the previous section on incentives.

Overview

The entertainment industry in Florida is a \$3.9 billion industry.⁶⁰ In 2004, the latest date for which statistics are available, 33,897 Floridians were employed at 5,599 businesses in the state. The average annual wage of these employees, excluding benefits, was \$52,972.⁶¹ The economic impact cited in this statement does not take into account any impact that the industry has on ancillary businesses that benefit from entertainment industry production nor does it include any impact on tourism, which is considered as being significant in such states as California and New York.

Cited below are some general statistics on the industry in Florida provided by the Governor's Office of Film and Entertainment (OFE). These statistics are based on studies of the industry prepared for the office in 2000 and 2003:

- At the end of 2003, Florida was ranked first in the nation for Spanish language film and television production and third in the nation for location production.
- In 2002, sales generated from film and video production alone was more than \$1.16 billion, employing a total of 10,083 Floridians in more than 1,554 firms.
- Television and cable is Florida's largest production industry sector at 47%, followed by motion picture and video at 24%.
- In 2002, 17 national cable networks were headquartered in Florida.
- The leading source of revenue generated by Florida's film and video production industry is commercial production, 33% of revenue produced in the sector.

According to Florida's Film and Entertainment Commissioner, Florida has multiple production centers with varied looks that have infrastructure, vendors, and deep crew base unlike states like Louisiana and New Mexico that have been able to attract industry business through their aggressive incentives and have been able to build infrastructure and attract vendors and crews to relocate. Additionally, having the production centers, infrastructure and crew serves as an attractor to production in the state, whether it is bringing producers in from outside the state or whether it is being able to keep our indigenous productions from leaving the state.⁶²

This view of Florida's industry was corroborated by a respondent to the House Tourism Committee questionnaire who is involved in the entertainment industry but is not a

⁶⁰ An Economic Assessment of the Florida Film and Entertainment Industry, Executive Summary, MGT of America, Inc., December 31, 2000, p. i.

⁶¹ Florida Agency for Workforce Innovation, Labor Market Statistics. See Appendix H for the chart for 2001 to 2004 statistics on the industry.

⁶² Questionnaire response from Paul Simons, Florida Film and Entertainment Commissioner.

resident of Florida. He commented that “Florida’s most important assets are its locations, crew, and production facilities, all of which are dependent on, and will grow from, a steady stream of production activity that will come with a dependable production incentive that attracts filming year round.”⁶³

But what about the long-term view of what the industry should encompass and the direction that the state should take in its efforts to grow its own industry and capture or be influential in market segments in the future? How should the industry be defined? These questions need to be addressed in the strategic plan of the Governor’s Office of Film and Entertainment which will be addressed in the next section of the report and will be touched upon in the discussion on indigenous industry.

From an international and national perspective, however, the PricewaterhouseCoopers study, “Global Entertainment & Media Outlook: 2005-2009,” gives some indication of industry segment growth and food for thought. The entertainment and media industry in the U.S. is expected to expand at a 5.6% compound annual rate, rising from \$554.3 billion in 2004 to \$650.1 billion in 2009. The U.S. rate, however, is the lowest growth rate in the worldwide regions studied. The report states that over the next five years, except for satellite radio:

- video games will be the fastest-growing segment, at a projected 12.9% compound annual increase, fueled by new console games associated with the next-generation hardware and an expanding online and wireless market;
- recorded music will be the next fastest growing segment, at 8% compounded annually, in part due to licensed digital distribution and mobile music; and
- filmed entertainment will expand at a 6.6% compounded annual increase, in part due to continued growth of DVD sales.⁶⁴

The PricewaterhouseCoopers information not only helps to understand projected segment growth but also helps to better understand the section of the report on incentives and the move toward not only aggressive worldwide competition but competition between states in the U.S.

Infrastructure

For the purposes of this section, the term “infrastructure” includes not only the crew base, the physical structures, such as soundstages, and businesses that support pre-production, production, and post production efforts in the state but also includes film festivals, post secondary schools devoted to the film and entertainment industry educational programs, local film offices, and the state Office of Film and Entertainment.

⁶³ Questionnaire response from Mr. O’Leary of NBC/Universal.

⁶⁴ Global Entertainment and Media Outlook: 2005-2009 – Forecasts and economic analyses of 14 industry segments, Sixth Annual Edition – June 2005, PricewaterhouseCoopers, pp. 29-33.

Infrastructure – Film Offices

The film offices at the local level and the state Governor's Office of Film and Entertainment serve as the marketing, business development and industry servicing arm to growing and maintaining the health of the entertainment industry. Florida has 21 full-service local film commission offices and 34 local film commission contacts/liaisons. The size, budget, and governmental location vary throughout the state.

The local offices are independent of the OFE and work primarily for the benefit of their local communities while the OFE is responsible for statewide promotion and development of the entertainment industry. The two work together as a partnership in sharing information and in bringing production to the state. The OFE will be discussed in the next section of the report.

Infrastructure – Film Festivals⁶⁵

As of October 20, 2005, there are 46 film festivals in Florida. The Florida Film Festival in Orlando is ranked as the 8th most important in the world.⁶⁶

In January 2005, the Office of Film and Entertainment stated that it was conducting research for assessment of Florida's film festival tourism impact. Examples of attendance at film festivals cited at that time ranged from 4,000 to 52,000.⁶⁷

One of the goals of the Office of Film and Entertainment is to provide greater support for the festivals around the state and to bring filmmakers and industry experts to Florida for films, panels, and seminars. The office has also expressed interest in the festivals being driving forces in bringing distributors into the state to help in the growth of the state's indigenous independent production.⁶⁸

Infrastructure – Crew Base

According to the 2003 Economic Research Associates study of the motion picture industry in Florida, Florida had all the necessary equipment, services, and stages to accommodate any type of production. Yet, the study went on to state that because of the globalization of the industry and incentives being offered, the amount of external production was decreasing. The decreased production activity had forced Florida's crew base to become more mobile and frequently work out-of-state. The report stated that this translated into lost dollars for the state and the creation of a "fragmented" labor force.⁶⁹

⁶⁵ See Appendix I for a complete listing of Florida film festivals.

⁶⁶ Office of Film and Entertainment website, www.filminflorida.com.

⁶⁷ Sarasota Film Festival, 42,000; American Black Film Festival, 4,000; Marco Island Film Festival, 10,500; Florida Film Festival, 23,500; and Miami International Film Festival, 52,000.

⁶⁸ Information provided by the Office of Film and Entertainment.

⁶⁹ Project Report Assessment of the Florida Motion Picture Industry, Vol. I, Economics Research Associates, February 2003, pp. V-34 and V-35.

Today, according to the Office of Film and Entertainment, there are 3 to 4 full crews in Miami, 2 in Orlando, 1 in the Tampa area, and 1 in Jacksonville. According to the International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists and Allied Crafts (IATSE), Local 477, Florida has the largest crew base, approximately 1000 members, in the U.S. outside New York or California.⁷⁰ The potential number of crew increases to 4000, when you add all of the membership of other Florida IATSE locals. Membership in Local 477 has decreased from 1300 to 950, according to its Secretary-Treasurer, because of lack of work. According to them, the crew base stays small because as crew gains experience, they leave to go where work is plentiful (such as Louisiana). Often crew members relocate to other areas when work is not available in the state. It is interesting to note that this comes at a time when work has been increasing in South Florida because of the state and local incentives.⁷¹

Some questionnaire respondents were working in California and Louisiana or were on their way to work out of state. Those crew consistently stated that they did not want to work out of state and leave their families and requested that something be done to increase work in the state that would keep them "home". One respondent working on a production in Louisiana stated that most of the crew were from Florida and that some were relocating to Louisiana because of the increased, steady work.⁷²

Training of Existing Workforce:

In addition to what is being offered through the formal educational systems discussed below under the education infrastructure section, last year Workforce Florida, Inc., provided up to \$250,000 for the Florida Film & Entertainment Professional Development Series being offered through auspices of the Office of Film and Entertainment. Unfortunately, the hurricanes impacted several of the film festivals that were to provide locations for the series and not all of the funds could be used. Workforce Florida, Inc., offered to modify the contract so that it could extend through the fall of 2005 but the offer was declined by the Office of Film and Entertainment.⁷³ According to Workforce Florida, Inc., the series of educational and professional development activities and events that the office attempted are extremely labor intensive.

Funding through the incumbent worker program also assists in funding initiatives for employers to train employees.

Other states, such as Illinois, Louisiana and New Mexico, have encouraged the training of residents through incentives or requirements for certification:

⁷⁰ IATSE, the International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists and Allied Crafts, is the labor union representing technicians, artisans and craftspersons in the entertainment industry, including live theatre, motion picture and television production, and trade shows.

⁷¹ Responses from Greg Kasper, George Cercihiai, and Joe Humphries of IATSE.

⁷² Responses to question 2 of the Questionnaire.

⁷³ It should be noted that the office was undergoing staffing transition with the resignation of the Film Commissioner.

- Illinois requires productions to state how they will participate in a training, education, or recruitment program organized in cooperation with state schools and labor organizations.
- Louisiana's Governor's Office of Film and Television Development and the local labor union IATSE 471 are developing a workforce training incentive through the Department of Labor's Workforce Investment Act.
- New Mexico offers productions 50% wage reimbursement for providing on-job-training to qualified crew members. Additionally, \$2 million in pre-employment training funds were provided for film and multi-media production companies.⁷⁴

One notable initiative of a major city is that being offered by New York City. The Independent Film Training Grant Initiative provides eligible NYC-based production companies with grants to offset the costs associated with training eligible crew members to assume greater on-set responsibilities. If a production is budgeted under \$3 million, it can access up to \$25,000 for the production. Currently, \$150,000 has been budgeted for the pilot program. This is also an incentive to help encourage indigenous, independent filmmakers remain in an area to film.⁷⁵

Infrastructure -- Businesses

According to information provided by the Agency for Workforce Innovation, the number of entertainment industry businesses in the state has increased from 4,412 in 2001 to 5,599 in 2004.⁷⁶ This information is based upon NAICS codes selected by the Office of Film and Entertainment as representing the entertainment industry sector. It should be noted that this number is not all inclusive since a business might fall within a NAICS code that includes primarily other business sectors. Since business information on a code has to be taken in its entirety and businesses cannot be segregated, some information might be excluded.

One concern raised in the questionnaire responses was the relocation this past year from Florida to New Orleans of Lee Lighting, the lighting and grip equipment house for Panavision which is the maker of the 35mm cameras used on many feature film sets. Respondents were concerned about the impact this would have on new businesses locating to the state, with the perception that business should not relocate here, if others are leaving. According to the Office of Film and Entertainment, the move was made because the volume of the company's equipment being shipped to Louisiana over the past few years made it cheaper to base the business there and ship equipment back to Florida. Other losses cited were Disney's animation arm in Orlando moving to another country, and the move of Telemundo's Mun 2 from Miami to Los Angeles.

It should be noted that responses to questions related to infrastructure and indigenous industry consistently cited the need to fill the gap in businesses related to distribution and financing. The desire to have more and different types of soundstages was also

⁷⁴ See Appendix C for more detailed information on state incentives.

⁷⁵ Mayor's Office of Film, Theatre, and Broadcasting, www.NYC.gov.

⁷⁶ See Appendix H.

mentioned by the majority of film commissioners who responded to the questionnaire and was cited by other respondents as well.

The types of incentives available for business relocation and the lack of use of the current entertainment business relocation incentive are discussed in the incentives section of the report. The questionnaire responses on business relocation are also discussed there.

Incentives for Entertainment Businesses:

The states of Hawaii, Louisiana, and South Carolina provide incentives to encourage business growth. These incentives are in addition to any specific incentives offered to productions:

- Hawaii provides an income tax credit of 100% of investment, up to \$2 million, in a qualified business that produces performing arts products.
- Louisiana provides 6 years of income tax credits for a digital interactive media producer to locate a business in the state.
- South Carolina provides a supplier rebate of up to 15% on state expenditures.⁷⁷

Infrastructure – Facilities

In the five year strategic plan of the Office of Film and Entertainment, sound stages was listed as number two out of a list of the top ten support services needed in Florida.⁷⁸

According to the 2003 study for the Office of Film and Entertainment on the status of the entertainment industry, the key piece of industry-specific infrastructure for the motion picture production industry is soundstages. Soundstages were defined as purpose-built soundstage facilities, broadcast facilities, insert stages dedicated to production companies, and fugitive space and adaptive space. The purpose-built soundstage facilities are described as high quality facilities that were originally built and designed to be used as motion picture production facilities. In 2003, the majority of the space available largely consisted of fugitive space and broadcast space facilities. Mid-Florida and Southeast Florida were the only regions in the state with purpose-built dedicated soundstage space. Although the total square footage of soundstages in the Southeast composed about 50% of the entire available sound stage space in the state and over 60% of the total number of stages, the Mid-Florida region stages were considerably larger.⁷⁹

The website for the Office of Film and Entertainment provides a listing for the following types of stages and studios offered by businesses in the state:

- Backlot – 12 businesses
- Foley Stage – 10 businesses
- Insert Studio – 49 businesses

⁷⁷ For more information on the incentives, see pp. 17 - 24 or Appendix C.

⁷⁸ Five-Year Strategic Plan for the Development of Florida's Film & Entertainment Industry, Office of the Film Commissioner, June 30, 2000, p. 48.

⁷⁹ Assessment of the Motion Picture Industry, Economics Research Associates, February 2003, pp. IV-56 through IV-58.

- Underwater Tank – 6 businesses
- Virtual Studio – 2 businesses
- Warehouse Space/Raw Space – 12 businesses
- Photo Studio – 3 businesses
- Recording Studio – 21 businesses
- Soundstage – 10 businesses
- Television Studio – 2 businesses
- Theatre Studio – 1 business

The size and number of the facilities offered by the businesses varies.

Some areas in the state are already looking at how they can accommodate what they have identified as a need. For example, according to the Film Commissioner in Tampa, a plan is underway to create a production hub/soundstage through renovating the National Guard Armory. The local commission is supporting Tampa Digital Studio's concept of 25,000 square feet of open space and 38 feet high ceilings, and 50,000 square feet of office space on two levels.

Responses from Questionnaires:

The desire to have more and different types of soundstages was mentioned by the majority of film commissioners who responded to the questionnaire and was cited by other respondents as well. These respondents cited a need for more soundstages because:

- current programming, such as telenovelas, were using majority of available space;
- unavailability of the number and size of facilities in certain areas of state;
- bad weather brought about the need for more soundstages and not having them was a deterrent to bringing in production.
- need to have California-style stages, state of the art, large enough to build a two-story house in and then some, with backlots, especially in South Florida.

Some respondents stated that if business increases, the need for facilities will take care of itself later. The first thing to do is to increase business coming into the state and the indigenous industry.

A comment by Jeff Peel, Director of the Miami-Dade Mayor's Office of Film and Entertainment, gave an overall assessment that mirrored the majority of the comments relating to increased infrastructure at this time:

The problem for Florida's entertainment industry infrastructure is that there is either too much or too little. As a State that relies heavily on large film & television productions that come for location filming, Florida experiences a lot of ebb and flow in the production sector. Building new infrastructure – sound stages, post houses, etc. – runs the risk of enduring periods when no production is taking place. However, existing infrastructure is often fully engaged when the State experiences a boom of production.

Currently, for instance, there is no available stage space in Miami, due to the many productions taking advantage of State incentives. We have had to turn away productions because we have no facilities to accommodate them.

On the other hand, without the assurance of stable long term usage, new stages are not being built.

Incentives for Production Facilities:

Florida does not offer any incentives at the state level that are specific to production facilities. One respondent to the questionnaire, however, suggested that one way for government investment to make sense in a soundstage would be to view it as an economic development tool to help build the industry much like the relationship between convention centers and hotels. This way a soundstage would be viewed as a generator of production projects, not a money maker in its own right.⁸⁰

The states of Louisiana, Oklahoma, and South Carolina offer income tax credits to companies building or investing in the building of production facilities. Louisiana and Oklahoma provide incentives for both motion picture and music production facilities. Delaware offers a 15 year ad valorem tax exemption for motion pictures and plants on lands, buildings and chattel. More information on these incentives can be found on pages 17 through 24 of the report or for more details go to Appendix C.

Infrastructure -- Education

One of the questions posed by the questionnaire dealt with what role the state's post-secondary schools could play in addressing the issues related to the maintenance and growth of the entertainment industry in Florida.

Number of Educational Programs in State:

In order to understand what role these institutions play and role or roles they could play in the future, it is necessary to examine their role in the state's entertainment infrastructure. As part of the infrastructure base for training the entertainment workforce at all levels and in all fields, it is important to understand how many post-secondary programs are in Florida, how many students are enrolled, and how many secondary schools have programs in the entertainment area. It is also important to note that Florida is recognized for the caliber of its educational programs with programs such as the Florida State University Film School and the University of Florida's College of Telecommunications being rated among the top five film schools in the United States.⁸¹

In the state university system, there are 33 baccalaureate programs, 20 master programs, and 7 doctoral programs in areas classified as "directly" linked to the entertainment industry. Additionally, there are 31 baccalaureate programs, 15 master programs, and 2

⁸⁰ Questionnaire response by Jeff Peel, Director, Miami-Dade Mayor's Office of Film and Entertainment.

⁸¹ Information provided by the Office of Film and Entertainment.

doctoral programs in areas classified as “indirectly” linked to the entertainment industry. Twenty-two of Florida’s community colleges offer programs in the entertainment industry with 5,065 persons being enrolled in different classes during school year 03-04. The majority of the enrollments were at Valencia Community College and Miami-Dade Community College. Finally, the Commission for Independent Education lists 27 Universities or Schools under its purview that offer degrees or credentials in entertainment programs.⁸² In all, 60 post-secondary institutions provide educational programs in the various areas of the entertainment industry.

Based upon information provided by the Department of Education, Division of Community Colleges and Workforce Education, 20 school districts offered programs in fields related to entertainment. The fields identified by that office were in digital design, multimedia design technology, new media technology, radio broadcasting, television production, and web design services. For a list of program enrollments see Appendix J.

Responses from Questionnaire:

The majority of respondents to the questionnaire wanted the schools to encourage students to remain and work in Florida and to educate students on the positives of remaining in the state versus traveling to Los Angeles, New York or some other destination. Respondents also noted that in order to keep the graduates here that the state must have the business here and should consider some way of providing incentives for these new filmmakers to keep them here.

One respondent, however, who used to work with the Florida Institute for Film Education (FIFE) in the Department of Education and now works with Workforce Florida, Inc., referred to the role of post-secondary education in the development of the state’s indigenous industry or economy as a “catch 22” because “as with most other post-secondary programs,...the focus is more on getting the individual to the places or companies that provide the best opportunities.”⁸³

Response of Schools to Questionnaire related to Schools:⁸⁴

The Schools that responded offered the following suggestions and comments:

- Train students so that they can get in the “game” and become successful.
- Have a solid network of faculty in entertainment studies.

⁸² Information provided by the Division of Community Colleges and Workforce Education. See Appendix J for information on all schools including secondary schools.

⁸³ In 1998, FIFE was moved from the Department of Education’s School-to-Work unit to the state Workforce Board under Enterprise Florida, Inc. FIFE was considered a strategic model for targeted industry and education partnerships for growing workforce. Subsequently, in 2000, the recommendation was made to shift the mission of FIFE from the Workforce Board to the Florida Film Advisory Council. FIFE was disbanded in 2000 with the belief that the mission would continue. Questionnaire response and background information on FIFE provided by Lucia Fisburne.

⁸⁴ A compilation of comments provided by representatives from FSU, UM, UCF, and Full Sail.

- Ensure that community colleges get respect and partner with larger state universities. The industry is moving so fast, changing, and the educational system needs to keep up with it so that Florida graduates can get the jobs that become available in state (not the case with game studios in the state).
- Establish cooperative programs between institutions designed to focus on specific needs of workplace or on critical needs in professional infrastructure could be seeded by public funding.
- Offer short courses and workshops for non-degree students for retraining or developing skills of already established professionals.
- Encourage cooperative programs, development placement resources, and internship programs.
- Make funds available to institutions for technology upgrades to insure training at industry standard.
- Work and coordination of efforts with local and state film offices should be reinforced.

Florida State University's Film School is encouraging its successful alumni to bring their talents and filmmaking ideas back to the state through the creation of Torchlight Pictures, a production company that will produce original media in the state. The venture is privately funded and contractually obligated to benefit the education of the students at the school. Torchlight Pictures will invest in and commercially exploit the works created by the alumni.

Indigenous Industry

The indigenous industry in Florida is comprised of all aspects of what has been discussed under the heading of infrastructure as well as filmmakers and other creatives in the state involved in the development and production of entertainment.

According to Paul Sirmons, Florida's Film and Entertainment Commissioner,

We cannot think of ourselves as a state that attracts a film to come in spend money, and leave. Certainly that is part of the equation. But the long picture should have us thinking of Florida as a creator and producer of entertainment, and as a distributor of entertainment – to the USA and to the world.⁸⁵

Other respondents to the questionnaire provided similar views. The majority of the responses can be summarized in the following statements:

- Encourage the growth of the indigenous production sector in Florida because it holds greatest promise of economic development.
- Independent production needs finance and distribution access.
- Devise meaningful legislation that would attract film financing companies and film distribution companies to come to the state.

⁸⁵ Response to questionnaire by Paul Sirmons, State Film and Entertainment Commissioner.

- High tech digital production has great growth potential particularly as it intersects with electronic gaming business. Need to get out front and claim the industry. Be the grandfather, not the grandchild.
- Need to ensure that Spanish language production remains in Florida and does not defect.
- Create a low interest loan program/system that offers producers access to sufficient amounts of funding.
- Develop a program to help Florida-based young filmmakers get started, as mistake free as possible.
- Professional retraining programs to help workforce adjust to rapid changes in the industry, maintaining a strong professional workforce.
- Develop our industry and market it aggressively.

Florida Incentives:

As mentioned earlier, Florida's sales and use tax exemption and financial incentive are available to the indigenous industry as well as to industry coming into the state. These incentives are also used to help maintain the infrastructure base as discussed above.

Also, Florida's post-secondary schools provide a pool of resources that are often available to independent producers willing to use students to assist in their production endeavors.

Unlike some other states, Florida does not provide state incentives for financing, distribution, production or post production of motion picture or other productions.

Incentives for Growth of Indigenous Industry – Other States⁸⁶

These incentives are in addition to those discussed elsewhere in the study that are offered to bring business to a state and to those discussed above under infrastructure.

The states of New Jersey, New Mexico, Oklahoma, Rhode Island, and South Carolina provide incentives in the form of loan guarantees, no interest guaranteed loans, or income tax incentives for investments in in-state productions. Briefly, they are as follows:

- New Jersey has a loan guarantee for a portion of loans made by other lenders to encourage lenders to finance film projects.
- New Mexico has a guaranteed, no interest loan program for up to \$15 million per project for qualifying feature films or television projects.
- Oklahoma provides an income tax credit on profits made when reinvested in another film or music project produced in the state.
- Rhode Island provides a non-transferable income tax credit on investments.
- South Carolina provides an income tax credit for investment in company that develops or produces a qualified South Carolina motion picture project.

⁸⁶ For more information on the incentives, see pp. 17 - 24 or Appendix C.

Office of Film and Entertainment

This section of the report pertains to the specific questions posed in the report related to the Governor's Office of Film and Entertainment. The section briefly reviews the history of the Governor's Office of Film and Entertainment, its responsibilities, staffing, and funding. The staffing and funding of the office is compared to that of other states to provide a point of reference for our ranking with competitor states.

History

With the enactment of Chapter 99-251, L.O.F., the Office of the Film Commissioner (OFC) was established in the Executive Office of the Governor within the Office of Tourism, Trade, and Economic Development. The purpose of establishing the office was to promote the film and entertainment industry in the State of Florida. Prior to the establishment of the office, promoting the industry in Florida was the responsibility of a number of different organizations. Prior to 1993, the Department of Commerce had established a film office. In 1993, Governor Chiles abolished the bureau and the Florida Entertainment Commission was established within the department. When the Department of Commerce was abolished in July 1996, the job of promoting the industry shifted to the Florida Entertainment Industry Council (FEIC). Between 1996 and 1998, major concerns over accountability eventually resulted in the Council not receiving an appropriation. After two years of hearings and legislative studies and reviews of the FEIC, the 1999 Legislature abolished the FEIC and brought the responsibilities for the film and entertainment industry back into the executive branch. In 2001, the name of the office was changed to the Office of Film and Entertainment.

The office is responsible for developing, marketing, promoting, and providing services to the state's entertainment industry. The primary duties and responsibilities of the office are delineated in ss. 288.1251, 288.1253, 288.1254, and 288.1258.⁸⁷ Administration of the two financial incentives for the encouraging growth of the entertainment industry in the state are two of the more recent responsibilities added to the office.⁸⁸

Additional duties of the office relating to the Florida Film and Entertainment Advisory Council are delineated in s. 288.1252, F.S.

The requirements for submission of annual reports to the Legislature have been fulfilled in a timely fashion and the office has consistently met or exceeded its performance standards related to number of leads generated, number of projects worked, number of scouts/site visits facilitated, percent of new projects resulting in new business, and percent of new projects resulting in business.⁸⁹

⁸⁷ See Appendix K for a copy of the statutory responsibilities of the Office of Film and Entertainment and a breakout of the core services.

⁸⁸ The point of sale sales tax exemption became effective January 1, 2001. The financial incentive was enacted in 2003 but was not funded until FY 04-05.

⁸⁹ See Appendix L for a copy of OFE performance for 2001-02, 2002-03, and 2003-04.

The office, by law, is responsible for developing and implementing an ongoing five year strategic plan. The plan was developed and expired in 2005. Staff has not seen a copy of an updated annual strategic plan nor a long range plan for the growth and development of the industry sector in the state.

On November 8, 2005, the new Film and Entertainment Commissioner spoke to the Tourism Committee and delineated the following goals for the Office of Film and Entertainment:

- Support and Strengthen the Entertainment Industry Financial Incentive and Make It Work Across the Production Spectrum –
 - specifically commercials and television series
 - placing tourism video or ‘branding signature’ at end of movie or on DVDs
- Brand the State of Florida to the Outside Film World –
 - Florida: The Action State
 - Reel Scout
 - Film Florida’s Movie Map
- Support Our Film Festivals On a Wider Basis Around the State...which bring more tourism dollars to Florida, and bring filmmakers and industry experts to Florida for film, panels and seminars.
- Build the Standings of Our Film Schools, and Interface Them With Each Other and the Real World of Filmmaking in Florida.
- Attract Key Foreign Production to Florida –
 - Hispanic production and South American production is growing in South Florida
 - European Production
- Build Film, Video and Digital Infrastructure – by increasing production demand in Florida.

Staffing and Funding

When the office was created, the law creating it required three staff. It should be noted that this was a compromise with the Senate. The House Committee on Tourism had originally considered 5 staff. The first Commissioner was appointed by the Governor on September 16, 1999. Since its creation, there have been three Commissioners.

On the following page is a chart indicating the funding and staffing of the office since its inception.

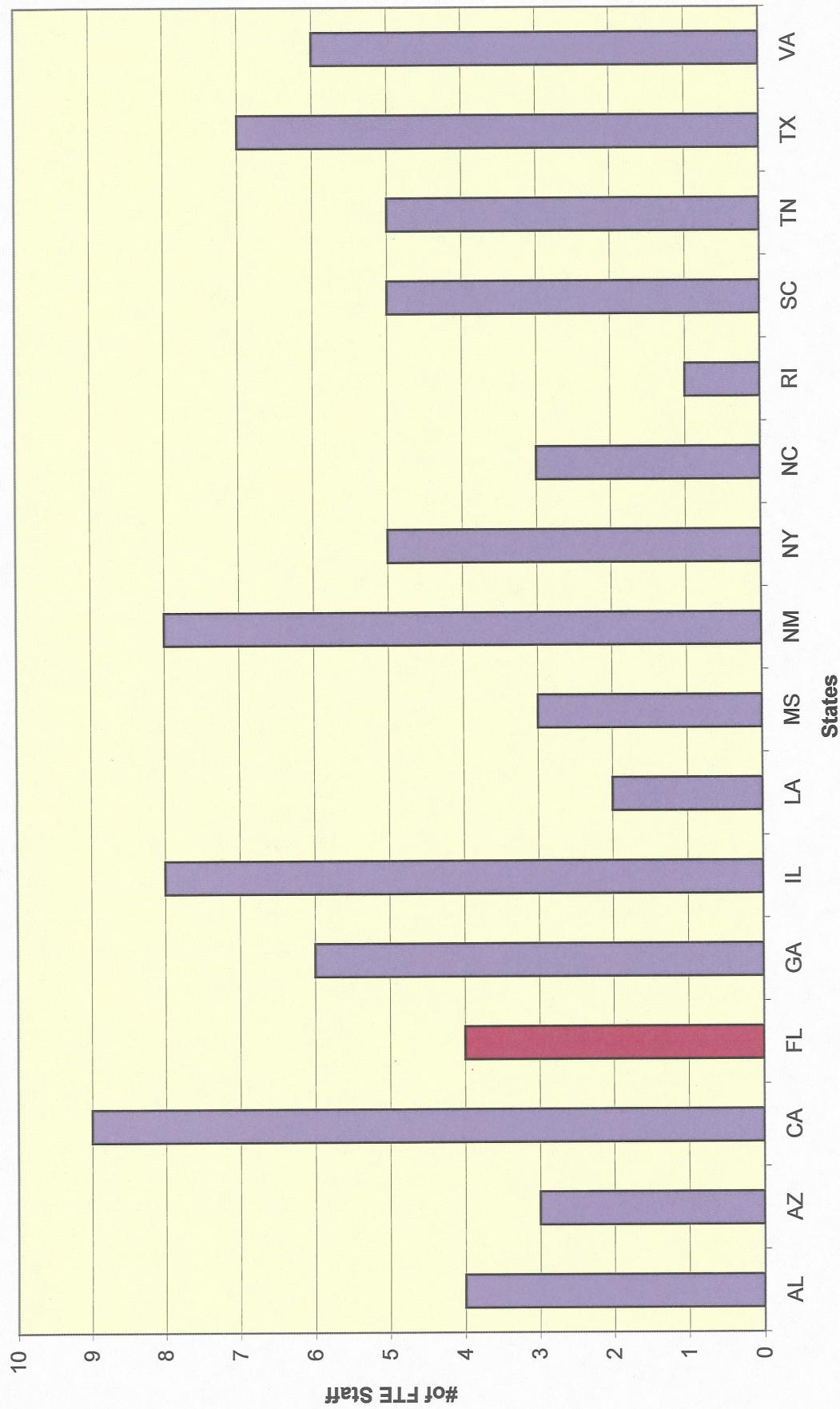
STAFFING & FUNDING FOR OFFICE OF FILM & ENTERTAINMENT⁹⁰		
Year	Funding	Staffing
1999-2000	\$106,964 salaries/benefits \$427,456 operations	3 FTE
2000-2001	\$577,796 operations	3 FTE
2001-2002	\$594,122 operations	3 FTE
2002-2003	\$513,389 operations	4 FTE
2003-2004	\$306,121 operations	4 FTE
2004-2005	\$212,804 salary/benefits \$403,296 operations	4 FTE, 2 OPS
2005-2006	\$275,000 salary/benefits \$653,296 operations	4 FTE, 1 OPS

The Office of Film and Entertainment statutorily required five year strategic plan for growing the entertainment industry prepared in June 2000, supported by the Florida Film and Entertainment Advisory Council, recommended an increase in staffing and funding for FY 2000-01 to a staff of 3 FTE and 1 OPS with a budget of \$775,000, to a staff of 13 FTE and 8 OPS with a continuation budget of \$2.9 million for FY 2004-05.

When compared with 16 states comprising states in the Southeast and some of the major competitor states in the entertainment industry, the Florida and Alabama tied for the fifth lowest number of staff. Part time or OPS staff were not considered since all states did not report this level of staffing. A chart indicating the staffing levels follows on the next page. A full listing of all states and their staffing can be found in Appendix M.

⁹⁰ Information provided by OTTED and documents from the Office of Film and Entertainment. OTTED did not have salary information readily available except for FY 2004-05 and FY 2005-06. Early data was in Tourism Committee documents.

Comparison of Select State Film Offices FTE Staff



For those who responded to the questions related to the sufficiency of staff and funding of the Office of Film and Entertainment to meet current and future responsibilities, 97% indicated that the staffing level was not sufficient. The following are some representative comments provided by respondents:

- Current office staffing is not sufficient by comparison to other states that have similar or more economic activity.
- Office has always been helpful, but staffing is not adequate.
- Current staff is overworked and underpaid.
- Staff of 8 with appropriate funding would be a start.
- At best, staff can only operate in a reactive mode.
- As responsibilities grow related to marketing and incentives, more staff will have to be put in place.
- With current resources and staff allotment there is no way for office to be proactive in attracting new business.
- If we want to be a world class center of business, we need to provide similar resources.

Respondents provided a wide range of suggestions of staffing to assist in the offices operation in addition to recommending an increase in the operating budget and salaries and using third party vendors.

Additional Staff Dedicated to NY

Of those who responded to the question as to whether there was a need for a staff person in New York City like is in Los Angeles, 65% responded affirmatively, 23% responded negatively, and the remainder indicated that they did not know. Below are examples of some of the reasons cited in support of the position:

- NY is the source for a huge portion of business that puts food on tables of many of our crews and equipment companies' employees.
- NY would be a plus for leads for commercials.
- Much of print and advertising business comes from this region.
- Not only core of advertising industry, fashion industry, major and minor TV productions and independent filmmakers, but has become a more fluid and easy business partner with South Florida.

Of those who said no, the following are some examples of responses:

- Not without a definite marketing plan and absolute right person.
- Not a priority at this time.
- Not with limited funds. Would need to be in a visible and known location to be viable.

Conclusions

The following conclusions are made from the findings of the report and are provided for the consideration of the Members:

- Other states are aggressively pursuing various aspects of the entertainment industry through a variety of incentives. These incentives have and will continue to impact the amount of production that the state is able to bring in and the amount that we are able to keep in the state.
- Some of the states with aggressive incentives, such as Louisiana, do not have the established infrastructure that Florida has. These states, however, are also aggressively pursuing the building of an infrastructure, buildings and people, to support the industry base. Currently, crews are being brought in from other states, including Florida and Texas.

As business continues to grow and become steady in other states, especially neighboring states, the potential for Florida's seasoned trained crew base to further erode is great. Erosion of a well-known, marketable, draw to a state for business needs to be avoided.

- As one respondent to questionnaire stated, "Ignoring it, won't make it go away." The current financial incentive of the state, although extremely successful, should be reviewed and modified to make it more competitive while retaining the integrity of the incentive to benefit the state and our industry and crew. In other words, do not give away the farm.

Concerns relating to the following aspects of the incentive need to be addressed:

1. threshold level of the incentive acting as a disincentive,
 2. adequacy of the incentive regarding commercial production, television pilots, television series, and independent productions,
 3. perception of uncertainty of funding acting as a disincentive to doing business in the state, and
 4. ineffectiveness of the incentive for digital-media-effects and business relocation.
- The use of a transferable corporate tax credit versus annual appropriation should be reviewed to determine if this will ameliorate concerns regarding the state's incentive and will bring more business to the state on a long-term basis.
 - There is a need for a strategic plan for growth of the entertainment industry sector in the state which includes specific steps for growing our indigenous industry. This should be a roadmap that is developed by the Office of Film and Entertainment in conjunction with Enterprise Florida, Inc., Workforce Florida, Inc., the appropriate university, college, and community college programs in the

state. Local film commissions and persons in the industry should be involved in the discussions as well.

- The variety of incentives that encourage independent production and indigenous industry growth that are being used in other states should be reviewed to determine if these could help benefit the state in its efforts to grow this economic development engine. These include incentives related to infrastructure, training, independent production, and the encouragement of distribution and financing.
- Florida is the only state that statutorily specifically excludes “electronic gaming”, i.e., the creative development and physical creation of video games, from its incentives. This is at a time when electronic gaming and other electronic media developments are viewed as being the up and coming wave of the future in the entertainment industry. Louisiana specifically offers incentives to lure such business to relocate to the state. Georgia is trying to become the leader in the field in the Southeast. Questionnaire respondents, film commissioners, crew, and educators, stated that Florida should become the “grandfather, not the grandchild” of this area. Florida should examine how this industry fits into its plans. Possibly the current incentive is not appropriate; however, the issue is with providing a disincentive, even if just perceived, by a growing segment of the industry.
- The sales and use tax exemption does not include an exemption for raw stock film, videotapes, and videocassettes unlike our neighboring competitive states in the southeast and other states. In order to remain competitive, this exemption should be reviewed to determine if it will help the state in its efforts to grow market share. The review of these exemptions should include a state revenue cost and benefit analysis.
- The use of film festivals as distribution hubs for independent filmmakers should continue to be explored by the Office of Film and Entertainment.
- The post-secondary institutions should be encouraged to come together to establish cooperative programs between institutions designed to focus on specific needs of the workplace or on critical needs in professional infrastructure in the entertainment industry. These institutions, if amenable, should be called together to be a think tank for the industry and the state.
- The Office of Film and Entertainment has done a yeoman’s job with the staff and resources at its disposal. From the responses to the questionnaire on entertainment industry and from the survey of other state film offices, it is apparent that the staffing level is inadequate for the statutory responsibilities and for the expectations of the office. The Film Commissioner should independently determine the staffing level that would help the OFE meet current and future needs. An understaffed office and an under-funded office will have difficulty doing what is required, making a continual positive impression on the industry, and aggressively marketing our state to the world.

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Appendix A

QUESTIONNAIRE ON FLORIDA'S ENTERTAINMENT INDUSTRY

The following are questions concerning the short-term and long-term growth potential of the entertainment industry in the state that are included in the House Tourism Committee interim project proposal entitled, *Florida's Entertainment Industry Infrastructure: Are We Growing the Indigenous Industry as well as Supporting Production?*

Because of your knowledge and experience in the entertainment industry, your thoughts on these issues would be greatly appreciated.

Entertainment Industry/Incentives

1. As we continue to raise our incentive amount for production, how do we compare with what other states are doing to increase their market share?

What, if anything, do we need to consider doing in order to maintain or increase our market share?

Is it worth our investment long-term?

2. What are our state's entertainment industry infrastructure needs, short-term and long-term?

How and when should these be addressed?

Is there a sequence in which the needs should be addressed?

3. What, if anything, is being done to encourage the relocation of entertainment industry companies to Florida?

What should be done?

What are other states doing that you think Florida should consider?

4. What is being done and what needs to be done to grow our indigenous entertainment industry?

What are or should be the long-term goals of the state in this area?

5. What role can the state's post-secondary schools -- FSU, UCF, UM, Valencia, Full Sail – play in addressing these issues?

Office of Film and Entertainment

6. With the continued growth in responsibilities of the OFE, is the current staffing level sufficient to meet the current needs (statutory requirements and industry needs)?

To meet the long-term needs of the state in this area?

7. If not, what do you recommend and what is the rationale for your recommendations?
8. There has been some discussion concerning an office in New York like the one in Los Angeles. Is this, in your opinion, warranted? If so, why? If not, why not?

Please provide any additional information that is not addressed by the questions above.

If you have any questions, please contact Judy McDonald, Staff Director, Tourism Committee, Florida House of Representatives, at 850/488-9406 or judy.mcdonald@myfloridahouse.gov.

Thank you for your response.

Appendix B

Film Office Questionnaire

Name _____
State _____

1. Do you have a state income tax?	
How does the state income tax work with regard to film, TV productions, etc., that come to your state to film? (Do you have any special arrangements or exceptions for this industry? If so, what are they?)	
2. Do you have a state tax on corporations?	
How does this tax apply to the entertainment/film industry both in state and coming into the state to do business?	
3. Do you have a state general sales tax?	
What is the amount of the tax; that is, what is the percent?	
Do you have any exemptions to the tax for the entertainment industry (film, TV, commercial)?	
If so, what is the exemption (the amount, who, and what it applies to) and is it a "point of sale exemption" or a "refund/rebate"?	
4. Does your state have local general sales taxes?	
If so, what do they go up to in percentages (up to 5%, up to 13%, etc.)?	
Are there exemptions at the local level for these taxes for the entertainment industry? If so, what?	
5. Does your state have a state lodging tax?	
6. Does your state allow for local lodging taxes?	
Are your lodging taxes not applied, in general, for stays of longer than 30 days?	
If not, then what is the length of stay? (60 days, 90 days...)	
Is the length of time the same for entertainment production companies?	
7. Are there other incentives provided at the state level that we have not discussed?	
8. Does your state have any low interest loan programs or venture capital funds available to assist the entertainment industry?	
9. Are you a right to work state?	

Appendix C

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Tax Incentives	Requirements	Project Type
Alabama	2% up to 5% (based on bracket)	6.5%	4%	up to 7% (county) up to 5% (city)	up to 5%	up to 7% (county) up to 6% (city)	<p>SALES & USE TAX: Qualifying Film Production Companies approved by film office & determined eligible by state Department of Revenue (See "requirements" column for more detail.)</p> <p>SALES & USE TAX: ~Must meet these criteria: 1) Be a "qualified film", i.e., production intended for theatrical release of a feature length motion picture or for exhibition on national TV by a network or through national syndication, documentaries, videos, commercial, print, or industrial productions produced for commercial use;</p> <p>2) Feature length motion picture must have \$500,000 budget or more & 100% of film shot in state or \$1 million budget or more in state expenditures;</p> <p>3) Documentaries, videos, commercial, print industrial productions for national or regional presentations with state expenditures more than \$100,000. (Note : Special consideration to student films.)</p> <p>~Must apply to film office and submit tax exemption form for approval.</p> <p>~Once approved, must submit application to Department of Revenue for final approval and receipt of letter of exemption.</p>	

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Lodging Tax	Tax Incentives	Requirements	Project Type
Alabama <i>continued</i>									LODGING TAX: Qualifying Film Production Companies approved by film office & determined eligible by Department of Revenue	
Alaska	None	1% up to 9.4%	None	up to 5% (boroughs) up to 6% (cities)	None	up to 8% (hotel/motel) up to 10% (transient accom.)	None	N/A	INCOME TAX: Motion Picture Production Company, i.e., 1) a person primarily engaged in business of producing a single medium or multimedia program, including a commercial advertising message that is created by production activities conducted in whole or in part in AZ, can be viewed or reproduced, is intended for commercial distribution or licensing in the delivery medium used, and is not obscene; 2) has a physical business office and bank account in the state; and 3) is qualified by the Dept. of Commerce.	
Arizona	2.87% up to 5.04% (based on bracket)	6.968%	5.6%	up to 2.5%	5.5% (<i>in lieu of state sales tax</i>)	up to 7%	INCOME TAX: ~Beginning 12/31/05, provides for <u>transfer or sale of individual and corporate income tax credits</u> for motion picture production costs in AZ. ~Credits cannot be claimed until after 7/1/06. ~Dept. of Commerce must approve credits after production ends before production company can claim any credits. ~Credits earned may be carried forward up to 5 years. ~Taxpayers may transfer or sell all or part of any unclaimed credits. ~DOR can disallow credit if original transferor not qualified or disqualified by Dept. of Commerce.		INCOME TAX: ~Company must incur specified production costs in state during each 12 month period of at least \$250,000. (Costs include salaries & other compensation for talent, management & labor paid to AZ residents; motion picture story & scenario; set construction, operations, wardrobe, props, accessories & related services; photography, sound synchronization, lighting & related costs; editing & related services; rental of facilities and equipment; catered food, drink & condiment purchased; & other direct in-state costs per Department of Revenue rules.)	

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Arizona <i>continued</i>							<p>SALES & USE TAX:</p> <p>Point of Sale</p> <p>exemption for transaction privilege and use taxes for motion picture production companies as defined in income tax provisions above.</p> <p>~Exemptions are for purchases of machinery, equipment & other property used directly in the motion picture production; leases or rentals of lodging space; catered food, drink & condiments to the production company; and, construction of buildings or other structures associated with the production in AZ.</p> <p>~Dept. of Revenue issues certificate of entitlement for deductions for a 12 month calendar period from date of issuance.</p>	<p>SALES & USE TAX:</p> <p>Motion Picture Production Company as defined above and certified by the Dept. of Commerce. Certification includes the requirements listed under "requirements" column above.</p>	

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Arizona <i>continued</i>							<p>LODGING TAX: ~<i>Point of Sale exemption</i> on leases or rentals of lodging space for Qualified Motion Picture Production Company.</p> <p>~Lodging taxes generally not applied for stays longer than 30 days.</p>	<p>LODGING TAX: Must have certificate of exemption from AZ Dept. of Revenue as described above. This is part of the exemption described under Sales & Use Tax.</p>	<p>LODGING TAX: Motion Picture Production Company as defined above.</p>
Arkansas	1% up to 7% (based on bracket)	1% up to 6.5% (For tax years beginning in 2003 and 2004, an additional 3% surcharge is imposed.)	6%	up to 5%	2%	up to 6%	<p>SALES & USE TAX: <i>"Arkansas Motion Picture Incentive Act"</i> provides a 100% refund of state sales or use tax paid on purchase of property & services in AK in connection with filming &/or production of feature film, telefilm, music video, documentary, episodic TV show, or commercial advertising project or projects intended for theatrical release or TV viewing. These include such services as lodging and food, if taxes are charged. Refund does not include tax imposed by constitutional amendment, which as of this date is 1/8%.</p> <p>conservation tax, or any local taxes. Maximum tax for refund is 5.875%.</p>	<p>SALES & USE TAX: <i>"Arkansas Motion Picture Incentive Act"</i> provides a 100% refund of state sales or use tax paid on purchase of property & services in AK in connection with filming &/or production of feature film, telefilm, music video, documentary, episodic TV show, or commercial advertising project or projects intended for theatrical release or TV viewing. These include such services as lodging and food, if taxes are charged. Refund does not include tax imposed by constitutional amendment, which as of this date is 1/8%.</p> <p>conservation tax, or any local taxes. Maximum tax for refund is 5.875%.</p>	<p>LODGING TAX: See explanation for sales and use tax exemption above.</p>

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
California*	1% up to 9.3% (based on bracket) <i>Note : 2005 taxable year, 1% additional tax on portion of income in excess of \$1 million.</i>	8.84%	6% (All counties have adopted 1.25% tax; therefore, many cite state tax as 7.25%)	1.25% to 2.5%	None	up to 15% (no specified maximum rate to be charged)	SALES & USE TAX: "Qualified motion picture" means any motion picture, whether or not production is completely finished, which is produced, adapted, or altered for exploitation in, on, or through any medium or by any device, including, but not limited to, motion picture produced for exploitation in movie theaters, through any form of television, or videocassettes, videotapes, or videodiscs, in amusement parks, or on commercial carriers for any purpose. <u>Qualified motion picture includes</u> , but is not limited to, all adapted versions, creative advertising, & publicity materials, such as trailers, TV spots, or featurettes. ~Does not include production of duplicate tapes for exhibition or broadcast, or release prints. ~Exempts from state sales tax the transfers of all or part of qualifying motion pictures, or any interest or rights to them (including partially finished work & intermediary materials). To qualify, motion picture must either be sold before exhibited or broadcast to general audience, or transferred to any persons holding exploitation rights which they granted prior to first exhibition. ~ Does not exempt sale or purchase of <u>raw film</u> or <u>videotape stock</u> , sale or purchase of release prints or tapes for exhibition or broadcast, or rentals or leases of videocassettes, or videodiscs for private use.	SALES & USE TAX: Qualified Motion Picture Production	

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
California <i>continued</i>								<p>~Partnership Property Used to Produce Motion Pictures. <u>Exempts from state sales & use tax, the use of property rented, leased, or otherwise furnished by a partnership to its members for the production of motion pictures under certain circumstances.</u></p> <p>LODGING TAX: N/A</p>	<p>Non-vertically integrated movie companies (Exemption is to equalize taxing for independent producers and smaller movie companies versus integrated studios that offer full range of services and were not taxed.)</p> <p>~In order to qualify for the program, partnership must be formed by parties engaged in production or distribution of motion pictures in order to reduce production costs, by sharing equipment, studio facilities, & personnel. Does not apply if the partnership transfers title of any property to its members. Does not exempt the original purchase of property by the partnership.</p> <p>LODGING TAX: N/A</p> <p>~State lodging sales taxes not applied, in general, for stays of longer than 30 days; not specific to entertainment industry. ~According to state film office, most local lodging taxes are not applied for stays of longer than 30 days; not specific to entertainment industry.</p>
Colorado*	4.63% of federal taxable income, regardless of filing status	4.63%	2.9%	up to 5%	None	up to 9.75% (City & County of Denver)		LODGING TAX: N/A	LODGING TAX: N/A

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type	
Connecticut	3% or 5% (based on bracket) <i>Note: Separate provisions may apply to non and part-year residents.</i>	7.50%	6%	None	12% (in lieu of state sales tax)	None	SALES & USE TAX: <i>Exemption for</i> ~Sales of & storage, use, rental, lease or other consumption of any motion picture or video production equipment or sound recording equipment purchased or leased for use in the state for production activities which become an ingredient or component part of any master tapes, records, videotapes or film produced for commercial entertainment, commercial advertising or commercial education purposes; ~Sales of & storage, use or other consumption of any filmed & taped TV & radio programs & any materials which become an ingredient or component part of films or tapes which are used directly in production & transmission of finished programs broadcast to the general public by a TV or radio station; ~Sales & storage, use, rental or lease of equipment, including, but not limited to, antennas used directly in production or broadcast of programs to general public by a TV or radio station.	SALES & USE TAX: See explanation of sales Motion Picture, Video, Television, Sound Recording Productions	Television and Radio Productions	Television and Radio Stations

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Connecticut <i>continued</i>								<p>PROPERTY TAX: Any person or organization possessing such equipment</p> <p>Exemption for machinery & equipment the predominant use for which is manufacturing, processing or fabricating, including machinery or equipment used in the production of motion pictures, video & sound recordings.</p> <p>LODGING TAX: Lodging taxes not applied, in general, for stays of longer than 30 days; not specific to entertainment industry.</p>	<p>PROPERTY TAX: See other columns relating to tax.</p> <p>LODGING TAX: N/A</p>
Delaware*	2.2% up to 5.95% (based on bracket)	8.7%	None (State imposes a merchants' & manufacturers' license tax & a use tax on leases.)	8% (Note: Film Office states 8% up to 10%)	None	None	<p>AD VALOREM TAX: Persons establishing motion picture studios & plants in the state.</p> <p>AD VALOREM TAX: ~Exemption for motion picture studios & plants from all ad valorem taxation for all lands, buildings & chattels, whether owned by corporation, utilized in connection therewith, & all raw materials going into finished products of studios & plants, as well as finished products or films. ~Exemption for 15 years from beginning of operation of studios & plants. ~Does not apply to real estate owned by studios and plants not used as location to house studio & plant & other buildings incidental to operation of studios & plants together with lands as required for housing officers &</p>		

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Delaware <i>continued</i>									
District of Columbia	5% up to 9% (based on bracket) (City Tax)	9.975% (City Tax)	5.75% (Sale of tangible personal property & services) Note: Other gross receipt taxes can go up to 12% (City Tax)	N/A	10.05% (Note: This is the gross receipts tax rate applied to lodging. It is 4.30% higher than indicated in the column on sales tax rates.) (City tax)	N/A	None	N/A	SALES & USE TAX: Qualified Production Company
Florida	None	5.5%	up to 1.5%	No	(No state lodging tax; however, 6% state sales tax applies to transactions)	up to 6%	SALES & USE TAX: <u>Point of Sale</u> exemption for Qualified Production Companies on purchase or lease of certain items used exclusively as an integral part of the production activities in FL.	SALES & USE TAX: ~Must be a production company engaged in state in production of motion pictures, made-for-TV motion pictures, TV series, commercial advertising, music videos, or sound recordings. ~Must be a "Qualified Production Company" in order to receive Certificate of exemption. To become "qualified," the Production Company must submit a property completed application for a certificate of exemption to DOR & be qualified by OFE. ~Must receive certificate of exemption from DOR to be presented to vendors when making application for a certificate of	

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Florida <i>continued</i>							<p>exemption to the Dept. of Revenue (DOR). Production Equipment Exemptions include, but are not limited to, the following equipment, parts, & accessories:</p> <ul style="list-style-type: none"> ~Bull horns, cameras, camera cables & connectors, costumes, custom designed production, software, dollies, foggers (not fluid), generators, grip equipment, lighting, microphones, production computers, props (non-expendable), sets, sound booms, sound equipment, sound mixers, sound recorders, stages, teleprompters, tents, video recorders, video cables & connectors, walkie talkies, & wardrobes (non-expendable). ~Materials such as bolts, nails, lumber, paint, & other materials that are a component part of finished product. ~Vehicles & vessels that are specifically designed & factory equipped with qualified production equipment and attachments to ineligible vehicles or vessels, such as camera racks or boom arms. <p>Non-exempt equipment, parts, & accessories examples are audiotapes, over-the-counter batteries, <u>film</u>,</p>		

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Florida <i>continued</i>							<p><u>Lease or Rental of Real Property</u></p> <p>~<u>easing, renting, or granting of a license to use any real property such as sound stages, studios, or any other real estate used as an integral part of performance of qualified production services is exempt.</u></p> <p>~Design, planning, engineering, construction, alteration, repair & maintenance of real or tangible property including, but not limited to, models, paintings, props, sets, stages, & facilities principally required for the following activities & services:</p> <p><u>Activities:</u> animation, casting, choreographing, coaching, composing, computer graphics, consulting, cutting, directing, distributing, dubbing, duplicating, editing, looping, mixing, photography, printing, processing, producing, scoring, script supervising, shooting, storing, & writing.</p> <p><u>Services:</u> adaptation, creation of special & optical effects, designing & executing stunts, hair & makeup</p>		

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Florida <i>continued</i>							<p>Master Tapes, Master Records, Master Films, or Master Video Tapes:</p> <p>-Taxable only on the value of the blank tapes or records used as a medium to transfer the master tapes or records or taxable only on the value of the blank film or tape used as a medium to transfer the master films and tapes.</p> <p>FINANCIAL INCENTIVE: Qualified Production :</p> <p><u>Up to 15% Cash Reimbursement of qualifying expenditures in FL.</u></p> <p>-Must demonstrate \$850,000 minimum in total qualified expenditures for entire run of project, vs. budget on single episode, within state fiscal year.</p> <p>-Qualified expenditures are production costs associated with goods purchased or leased or services purchased, leased, or employed from a resident of this state or a vendor or supplier who is located & doing business in state. Such costs include, but are not limited to, wages, salaries, or other compensation for</p>	<p>(design, production, & application), location managing & scouting, performing, set & stage support, sound & recording, technological modifications, wardrobe (design, preparation, & management), & property management services.</p> <p>FINANCIAL INCENTIVE: Digital-Media Effects Company, Qualified Relocation Project (Note: Law provides that incentive funding be split 60/40 for productions but also provides incentive language for qualified relocation projects & digital-media effects companies; however, no money specifically appropriated for these.)</p>	

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Florida continued							<p>technical & production crews, directors, producers & performers who are FL residents; sound stages, backlots, production editing, digital effects, sound recordings, sets, & set construction; expenditures for rental equipment, including, but not limited to, cameras & grip or electrical equipment, & meals, travel, accommodations, & goods used in producing filmed entertainment.</p> <p>Production Funding Distribution</p> <p>~60% of incentive funding dedicated to theatrical or direct-to-video motion pictures, made-for-TV movies, commercials, music videos, industrial & educational films, promotional videos or films, documentary films, TV specials, & digital-media-effects productions by entertainment industry to be sold or displayed in an electronic medium.</p> <p>~40% dedicated to TV pilots, presentations for TV pilots, or TV series, including, but not limited to, drama, reality, comedy, soap opera, telenovela, game show, or miniseries productions to be sold or displayed in an electronic medium.</p>		

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type	
Florida <i>continued</i>							<p><u>Limitations:</u></p> <ul style="list-style-type: none"> ~\$2M cap on reimbursement for any filmed entertainment. ~Excludes wages, salaries, or other compensation paid to <u>2 highest paid employees</u> in determination of eligible production costs. ~Subject to annual appropriation. ~Law provides that incentive funding be split 60/40 for productions but also provides incentive language for qualified relocation projects & digital-media-effects companies; however, no money specifically appropriated for these. <p>LOGGING TAX: Lodging taxes not applied for stays of longer than 180 days; not specific to entertainment industry.</p>	<p>LOGGING TAX: N/A</p>	<p>LOGGING TAX: N/A</p>	<p>INCOME TAX: Production Company primarily engaged in qualified production activities approved by Department of Economic Development and that meets threshold requirements of Act. <u>Does not include</u> any company owned in whole or in part by any company or person in default on any state tax obligation, loan, or loan guaranteed by state.</p>
Georgia	1% up to 6% (based on bracket)	6.0%	4%	up to 3%, except for Atlanta which charges 4% (<i>Law prohibits a local option S&U tax to be more than 2% total; however, local government may charge an additional 1% S&U tax for education. Only 1 county has a 1% local option tax, while the majority impose the maximum 3%.</i>	None (Subject to both state & local S&U taxes)	up to 8%	<p>INCOME TAX: "Entertainment Industry Investment Act" (5/05)</p> <ul style="list-style-type: none"> ~Beginning January 1, 2005, provides <u>income tax credit for production companies which produce new film, video, or digital projects in state.</u> ~Company must spend a minimum of \$500,000 in production and post a single year in qualified production and post production (does not include marketing and distribution) expenditures in a state certified production. ~Qualified preproduction, & post production, & post production expenditures. <p>INCOME TAX: Production Company must produce new film, video, or digital projects in the state.</p> <ul style="list-style-type: none"> ~Company must spend a minimum of \$500,000 in production and post production (does not include marketing and distribution) expenditures in a state certified production. ~Base credit is equal to 9% of expenditures. ~Amount of credit can be increased by 3% for GA hires & by 3% for expenditures in Tier 1 & Tier 2 underdeveloped GA counties. 	<p>INCOME TAX: Production Company primarily engaged in qualified production activities approved by Department of Economic Development and that meets threshold requirements of Act. <u>Does not include</u> any company owned in whole or in part by any company or person in default on any state tax obligation, loan, or loan guaranteed by state.</p>		

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Georgia <i>continued</i>							<p>~An additional 2% is available for companies with multiple TV projects that spend in excess of \$20M in GA qualified expenditures in a single year.</p> <p>~Additional provisions are made for companies spending more than \$30M in GA in 2002, 2003, & 2004.</p> <p>Claiming Credits:</p> <ul style="list-style-type: none"> ~Provides tax credits to apply to production company's GA tax liability. ~Amount of tax credit for a taxable year cannot exceed production company's income liability. ~Credits can be carried forward for 5 years from end of tax year in which expenditures were made. ~Credit may be claimed first against company's income tax liability with excess allowed against company's payroll withholding. ~If company has <u>limited</u> or no GA tax liability, credits may be transferred or sold once to one or multiple GA-based companies to use against their tax liabilities. ~Transferee must acquire credits for <u>minimum of 60%</u> of amount of credits transferred. <p>Limitations:</p> <ul style="list-style-type: none"> ~Minimum expenditure requirement. 	<p>associated with photography & sound synchronization, lighting, & related services; rental of facilities & equipment; leasing of vehicles; costs of food & lodging; digital or tape editing, film processing, transfers of film to tape or digital format, sound mixing, computer graphics services, graphics services, special effects services, & animation services; total aggregate payroll; airfare purchased through GA agency; insurance costs & bonding purchased through GA based company; & other generally accepted direct costs.</p> <p>Note: <u>\$500,000 salary cap per person per production.</u></p> <p>~Production company must apply with GA Department of Economic Development (DED) to have production certified.</p> <p>~Company must receive DED certification before claiming credits. DED will give Credit Certificate No.</p> <p>~Must provide DOR with needed information.</p> <p>~Must attach "film tax credit form" and DED credit certification to GA income tax return for tax year in which qualified expenditures were incurred.</p>	

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Georgia continued								<p>~Cannot claim job tax credit or headquarters tax credit for employees whose wages are used to calculate the film tax credit.</p> <p>~<u>No</u> capped dollar amount per type of production. Only % cap.</p> <p>~<u>No</u> state cap on total dollar amount of credits allowed per taxable year.</p>	<p>~DOR has 90 days to review claims against withholding.</p> <p>SALES & USE TAX: Point of Sale Exemption Film Production meeting the requirements cited that is captured on film, video or digital format. Specifically excludes productions for only in-state distribution, distribution primarily over the Internet, and distribution through live coverage events such as news, sports, and concerts.</p> <p>SALES & USE TAX: Point of Sale Exemption (State & Local Taxes) ~Production equipment sold or leased including, but not limited to: camera equipment, supplies & accessories; motion picture film and videotape stock; digital discs & masters; lighting equipment, including gel, bulbs & lamps; stage equipment; cranes, booms, dollies & jibs; electric stands, cables & wires; generators for tax exempt lighting & stage equipment; time code equipment; VTR & digital editing equipment; switchers; character generators; sound recording equipment; costumes, props, scenery & materials to construct them; design equipment; heating & air conditioning equipment not part of set; drafting equipment; special effects supplies and equipment;</p>

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Georgia <i>continued</i>							<p>photographic film; animation equipment; computer graphic & image equipment; motor vehicle rentals & leases exclusively used on film production sets; and equipment & supplies for dubbing, mixing, editing & cutting.</p> <p>~Production or post production services including, but not limited to: film processing; computer graphics services; photography on the set used in the film; & fabrication, printing, or production of scripts, storyboards, costumes, wardrobes, props, scenery or special effects.</p> <p>~Charges for services rendered in such things as editing & synchronization of a motion picture master.</p> <p>~Sale or rental of master tape or record used by recording industry in reproducing audio recordings & visual images for showing on screens or TV.</p>		<p>LOGGING TAX: See explanation of lodging tax.</p> <p>LOGGING TAX: See explanation of lodging tax.</p>

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type	
Georgia <i>continued</i>										
Hawaii	1.4% up to 8.25% <i>(based on bracket)</i>	4.4% up to 6.4%	4%	None	7.25% <i>(imposed on gross rental income or gross rental proceeds)</i>	None	INCOME TAX: <i>Refundable Production Income Tax Credit</i> ~Credit is calculated as a % of production expenditures incurred in state, including purchases & payroll. ~Credit is deductible from the Hawaii taxpayer's net income tax liability for the taxable year in which credit is properly claimed. ~Credit is 4% of total production expenditures and 7.25% of lodging tax. ~Credits are granted at the level of 100% or 75% to companies meeting certain criteria. Companies falling below those criteria are not eligible for credits.	INCOME TAX: <i>Refundable Production Income Tax Credit</i> A company that produces a feature film or television pilot, episode, or series in Hawaii and meeting certain eligibility requirements as delineated in the column to the left. ~Lodging taxes not applied for stays of longer than 90 days; not specific to entertainment industry.	INCOME TAX: <i>Refundable Production Income Tax Credit</i> A company that produces a feature film or TV project that is subject to Hawaii state income tax & is pre-verified by the Hawaii Film Office as a legitimate took place in Hawaii. ~To claim credit, production company must request Film Office letter verifying it filmed in state; Office sends information to Department of Taxation; & company must file tax forms with department within 1 year from close of taxable year of production filmed in state. 100% Maximum Credit: Company receives refund of almost all excise tax paid on production costs & a refund of lodging tax.	100% Maximum Credit: <u>Qualification:</u> Hawaiian name or word in its title; advertisers Hawaii by using Hawaiian scenery, culture or products; ~Feature film spends \$2M minimum; TV pilot, episode, or series spends \$750,000; &

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type			
Hawaii <i>continued</i>								<p>75% Credit</p> <p>Credit: Company can claim 75% of each of the credits, if certain criteria are met.</p> <p>Qualification Requirements:</p> <ul style="list-style-type: none"> -Feature film project spends \$3M minimum; TV pilot, episode, or series spends \$1M; ~50% of below-the-line positions are filled by Hawaii residents; & ~Has a minimum of 66% national U.S. coverage, based on EDI or Nielsen. <p>Allowable substitutions include satisfactory evidence of a distribution agreement or network intent letter for pickup consideration.</p>	<p>75% Credit</p> <p>Credit: Company can claim 75% of each of the credits, if certain criteria are met.</p> <p>Qualification Requirements:</p> <ul style="list-style-type: none"> -Feature film project spends \$3M minimum; TV pilot, episode, or series spends \$1M; ~50% of below-the-line positions are filled by Hawaii residents; & ~Has a minimum of 66% national U.S. coverage, based on EDI or Nielsen. <p>Allowable substitutions include satisfactory evidence of a distribution agreement or network intent letter for pickup consideration.</p>	<p>Investment Tax Credit</p> <p>(High Technology Business Investment Tax Credit 1/1/01 - 12/31/2010)</p> <p>~Distributed over 5-year period, income tax credit equal to 100% of Hawaii taxpayer's investment in qualified business that produces performing arts products (audio files, video files, audio-video files, computer animation, & other</p>	<p>Investment Tax Credit</p> <p>(Qualified High Technology Business (QHTB) must have Hawaii tax liability in order to invest or be able to allocate credits via a partnership or LLC.</p> <p>~QHTB must have more than 50% of total business activities in qualified research (includes performing arts) & business conducts more than 75%</p>	<p>Investment Tax Credit</p> <p>~Hawaii Taxpayers investing in QHTB</p> <p>~Partnerships (for income tax purposes) Note: Non Hawaii taxpayers who invest in QHTBs cannot use the credits directly because they have no tax liability.</p> <p>They can benefit from Hawaii taxpayers via formation of a partnership or an LLC.</p>

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Hawaii continued							<p>entertainment products perceived by or through operation of a computer; & commercial TV and film products for sale or license, & reuse or residual fee payments from these products)</p> <p>~Credit is <u>non-refundable</u>.</p> <p>~Credit is capped at \$2M per each qualified investment.</p> <p>~Credit percentages applied over 5 years are 35%, 25%, 20%, 10%, & 10%, respectively.</p> <p>~Credit in excess of liability can be applied to future years.</p>	<p>Royalties Tax Exemption</p> <p>QHTB or individual receiving amounts from royalties, copyright, and trade secrets including authors of performing arts products, or parts thereof, with or without regard to the application of the work or hire doctrine under US copyright law, and the assignors, licensors, & licensees of any copyright rights in performing arts products, or any parts thereof.</p>	

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type	
Hawaii <i>continued</i>							LODGING TAX: State lodging tax is refundable for film or television production company determined eligible for refundable production tax credit described above.	LODGING TAX: See explanation of lodging tax.	LODGING TAX: Film & TV Production Companies qualified for refundable production tax credit described above.	
Idaho	1.6% up to 7.8% (based on bracket)	7.6%	5%	up to 3%	2%	up to 5%	SALES AND USE TAX: <u>Upfront Exemption</u> ~Amount charged to produce or create advertisements to be broadcast by TV or radio station. ~Charges for dubs produced from master copy of a commercial or broadcast. ~Sale, storage, use or other consumption of tangible personal property directly used & consumed in production and broadcasting of TV & radio programs by businesses devoted to such broadcasting & production. ~Rental of recording or production studios and equipment when the personnel to operate the equipment is furnished with rental.	SALES AND USE TAX: See explanation of exemption.	SALES AND USE TAX: Radio & Television Broadcasting & Production Companies	LODGING TAX: N/A

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Illinois	3% of federal adjusted gross income with modification, regardless of filing status. <i>(1.5% additional tax on net income imposed on partnerships, trusts, and S corps.)</i>	4.8%	6.25%	up to 1.5% (counties) up to 2.75% (municipalities)	6% (per Illinois Dept. of Revenue)	up to 5% (8.9% in Chicago, per Dept. of Revenue)	INCOME TAX: Up to 35%. <u>Nonrefundable Tax Credit</u> against production company's Illinois income taxes based on qualified labor expenditures paid to employees residing in state. No Total Funding Cap. -25% tax credit on state income tax <u>for wages & benefits paid by company to each state resident</u> , including vendor labor costs if name, salary paid & other information provided. Additional 10% tax credit for wages & benefits paid to residents residing in economically disadvantaged area. Also retroactive to 1/1/05 for approved productions. -If an accredited production carries over into more than 1 tax year, credits shall be issued for qualified expenditures in each tax year. -Credit can be transferred to third party within 1 year of earning credit. -Credit in excess of tax liability may be carried forward for 5 years.	INCOME TAX: 1) Determination of Qualification: ~Dept. of Commerce & Economic Opportunity (department) must review application submitted at least 24 hours prior to start of principal photography. -Based on application, department determines eligibility of film, video, or TV production as an accredited production. -Accredited production certificate will be issued if approved. 2) Elements of Qualification: ~Type of production must be a film, video or TV production. ~Applicant must be a production company meeting certain requirements regarding copyright of production. -Minimum state aggregate labor expenditure thresholds for wages & benefits paid to residents must exceed \$100,000 for 30 minutes or longer productions or \$50,000 for productions of less than 30 minutes. ~Must describe a detailed plan to promote diversity by outlining specific goals for hiring minorities & females and for using minority, disabled, or female vendors (diversity employees).	INCOME TAX: Film Production Company producing accredited production

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Illinois <i>continued</i>								<p>plan) & participation in a training, education or recruitment program organized in cooperation with state schools & labor organizations.</p> <p>~Must demonstrate how the credit made decision to film in state versus elsewhere.</p> <p>3) <u>Ineligible</u></p> <p><u>Productions:</u></p> <p>News, current events, or public programming; weather or market reports; talk show; game, contest or questionnaire; sports event/activity; gala/awards show; telethon; primarily for industrial, corporate, or institutional purposes; or is required to keep records required by 18 U.S.C. 2257.</p> <p>SALES & USE TAX: Exempts products of photoprocessing produced for use in motion pictures for commercial exhibition.</p> <p>SALES & USE TAX: See exemption language.</p>	<p>SALES & USE TAX: Motion Pictures, Television Commercials (specifically mentioned in DOR Ruling), and others meeting requirements of exemption</p> <p>LODGING TAX: N/A</p>

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Indiana	3.4% of adjusted gross income, regardless of filing status. <u>Note:</u> Counties can impose adjusted gross income tax of 0.5% up to 1% on residents & .25% on nonresidents or county option income tax of 0.2% up to 1% for residents, with nonresident rate of 1/4 rate of residents.	8.5%	6%	None	None	up to 6%	LODGING TAX: Local lodging taxes not applied, in general, for stays of more than 30 consecutive days. Not specific to entertainment production companies.	LODGING TAX: N/A	LODGING TAX: N/A
Iowa	0.36% up to 8.98% (based on bracket)	6% up to 12%	5%	1%	None	up to 7%	LODGING TAX: Local lodging taxes not applied, in general, for stays of more than 31 consecutive days. Not specific to entertainment production companies.	LODGING TAX: N/A	LODGING TAX: N/A
Kansas	3.5% up to 6.45% (based on bracket)	4%	5.33%	up to 3.35%	None	up to 6% (county) up to 7% (city)	LODGING TAX: Local lodging taxes not applied, in general, for stays of longer than 28 days. Not specific to entertainment production companies.	LODGING TAX: N/A	LODGING TAX: N/A

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Kentucky	2% up to 6% (based on bracket)	4% up to 7%	6%	up to 2%	1%	up to 6%	<p>SALES & USE TAX:</p> <ul style="list-style-type: none"> ~Prior to beginning filming, the Production Company must have opened an office in the state and provided information to the KY Revenue Cabinet on a one page registration form. ~Purchases of goods & services, including petty cash expenditures, must be drawn on from a KY financial institution & be accompanied by receipts or vouchers. ~12 month period during which expenditures may qualify for tax refund begins on the date of the earliest expenditure reported. ~Applications for refund must be submitted within 60 days of completion of filming or production in KY. <p>Lodging Tax:</p> <ul style="list-style-type: none"> ~State sales tax on lodging is refundable for qualified productions for sales tax refund. The law does not indicate if the 1% lodging tax, which is a tax on top of sales & use tax, is also included in this refund. 	<p>SALES & USE TAX:</p> <p>~Refund of sales & use taxes on qualified expenditures made in connection with production of eligible Motion Picture & TV Production Companies.</p> <p>~Eligible productions include</p> <ul style="list-style-type: none"> a) feature-length motion pictures intended for theatrical release or for exhibition on national television by a network or through national syndication or b) TV programs that serve as a pilot for or as a segment of an ongoing dramatic or situation comedy series televised on a network or through national syndication. <p>~Eligible expenditures include such things as accommodations, meals, production equipment rentals & purchases, set construction & rigging materials, production office equipment rentals & purchases, utilities, and prop & wardrobe rentals & purchases.</p> <p>Lodging Tax:</p> <p>See comments in column to left.</p>	

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Kentucky <i>continued</i>									
Louisiana	2% up to 6% (based on bracket)	4% up to 8%	4%	up to 6.5%	None	up to 3% (New Orleans & Orleans Parish impose rate dependent on # of rooms)	INCOME TAX: Motion Picture Investor Tax Credit State-Certified Productions and State-Certified Infrastructure Projects; Motion Picture Production Companies and Louisiana Taxpayer Investors	INCOME TAX: Motion Picture Investor Tax Credit ~Must be a State-Certified Production or State-Certified Infrastructure Project. ~To be state-certified must be approved by Governor's Office of Film & TV Development (GOFTD) & Dept. of Economic Development (DED) and meet specific requirements. ~State-Certified Production is produced by motion picture production company domiciled & headquartered in state, which has a viable multi-market commercial distribution plan. Does not include production of TV coverage of news & athletic events. ~State-Certified Infrastructure Project does not include movie theaters or other commercial exhibition facilities. ~Both productions and infrastructure projects must apply for initial certification for credit to GOFTD with application fee of \$250 to \$5000. Overall Purpose of Credit: ~Encourage development of strong capital & infrastructure base for motion picture film, videotape, digital, & investors.	

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Louisiana <i>continued</i>							<p>TV program productions, including production & postproduction infrastructure with state-of-the art facilities.</p> <p>~Encourage private investment and increase global competition positioning.</p> <p>Employment Tax Credit: Existing program repealed. Credit changed and combined with investor tax credit, expanded to include total payroll & is made explicitly transferable.</p> <p>State-Certified Production:</p> <ul style="list-style-type: none"> ~25% credit on base investment provided if more than \$300,000 spent in state. ~Decreases to 20% in 2010 & 15% in 2012. ~Additional 10% for payroll of LA residents employed. Does not decrease over time. <p>State-Certified Infrastructure Project:</p> <ul style="list-style-type: none"> ~15% credit of base investment by taxpayer expended on project. ~Projects must have a total base investment greater than \$200,000. ~Credits available from 7/1/05 to 1/1/08. <p>Limitations:</p> <ul style="list-style-type: none"> ~Payroll credit has a \$1M ceiling for any employee. ~Credits associated with state-certified production cannot exceed total base investment. ~1/1/08 repeal of infrastructure projects incentive. 		

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type		
Louisiana <i>continued</i>								<p>Employment Tax Credit</p> <p>~Credit applied to any income tax or corporation franchise tax liability to the Motion Picture Production Company.</p> <p>~10% of aggregate payroll of LA residents employed by production with total state production costs of \$300,000 to less than \$1M during taxable year.</p> <p>~20% credit when production costs are \$1M or more.</p> <p>Limitations:</p> <p>~Cannot include salary of any employee with salary of \$1M or more.</p> <p>~Cannot claim credit if certified by Film Office after 12/31/05.</p> <p>~Credits not claimed against tax liability may be handled in the same manner as is provided by the Motion Picture Investor Tax Credits in R.S. 47:6007(C)(4).</p>	<p>Employment Tax Credit</p> <p>~Must have received an effective certification prior to 12/31/05.</p> <p>~Must be a State-Certified Production, i.e., approved by Film Office & Dept. of Economic Development, produced by Motion Picture Production Company domiciled & headquartered in state, which has a viable multi-market commercial distribution plan. Does not include production of TV coverage of news & athletic events.</p>	<p>Motion Picture Production</p> <p>Company producing state-certified production</p>	

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Louisiana <i>continued</i>							<p>~15% for <u>third and fourth years</u>. ~10% for <u>fifth and sixth years</u>. ~No tax credits after <u>sixth year</u>. ~Credit carry forward of 10 years & 1 year carryback. ~Credits not used by taxpayer may be transferred or sold to LA taxpayer.</p> <p><u>Limitations:</u></p> <p>~Rebels on 1/1/2010. Projects must be certified before that date to receive credit. ~This credit does not apply to investments or expenditures that qualify for credits under "Employment Tax Credit" or "Motion Picture Investor Tax Credit". <u>NOTE:</u> Goals of incentive act are similar to Movie Production Investment Incentive. Greater emphasis placed on training workforce & partnering with developers of <u>interactive media & educational institutions</u>.</p>	<p>~Examples of digital interactive media are computers & video games. Does not include products that are essentially interpersonal communication services, such as videoconferencing & text-based channels & chat rooms, nor products regulated under the LA Gaming Control Act. ~Producer must commit to continue business operations in state for at least 1 year after certification of any tax credit, i.e., base investment in year following certification of any tax credit is at least 25% of previous year's base investment (penalty provided). ~Producer must pledge to continue business operations in LA until producer can demonstrate that net positive fiscal impact to state resulting from the operations in connection with State-Certified Production has met or exceeded value of tax credits issued (no penalty provided in law).</p> <p><u>Process Requirements:</u></p> <p>~Must apply with director who determines qualification of production & submits initial certification to each producer and secretary of Dept. of Revenue.</p>	

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Louisiana <i>continued</i>								<p>Sound Recording Investor Tax Credit: Effective 1/1/06, Refundable sound recording investor tax credit against all state income taxes.</p> <p>~Awarded to State-Certified Recording Productions & State-Certified Musical Recording Infrastructure Projects.</p> <p>~Awarded on a first-come, first-served basis.</p> <p>~Credit earned by investors at time expenditures are certified according to actual investment made & expended by State-Certified Production in state as production-related costs &/or in State-Certified Musical Recording Infrastructure Project.</p> <p>~10% credit on investment by investor if total base investment is greater than \$15,000 & less than or equal to \$150,000.</p>	<p>~Upon completion of production or part of production, director reviews expenses, and if approved, issues letter of certification to producer.</p> <p>~Credits to be claimed on tax return.</p> <p>~If credits are transferred or sold, <u>30 days after transfer or sale producer must notify director.</u></p> <p>Sound Recording Investor Tax Credit: State-Certified Musical Recording Infrastructure Project; State-Certified Production</p> <p>(A "state-certified production" is a sound recording production, or a series of productions occurring over the course of a 12 month period and costs related to such. "Sound recording" is recording of music, poetry, or spoken-word performance made in LA, in whole or in part. It does not include the audio portions of dialogue or words spoken & recorded as part of a motion picture, video, theatrical production, TV news coverage, & athletic event.)</p> <p>~Prior to certification for credits, DED requires submission of a cost report of expenditures. DED may require report to be prepared by and independent CPA. DED reviews & issues tax credit certification letter indicating credit amount. ~Attach to income tax return.</p> <p>~Credits above tax liability will be refunded.</p>

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Louisiana <i>continued</i>							<p>~15% credit if total base investment is greater than \$150,000 & less than or equal to \$1M.</p> <p>~20% credit if base investment is greater than \$1M.</p> <p>~If total amount of credits requested exceeds amount of credits allowed per year, excess treated as having been applied for on 1st day of next year.</p> <p><u>Limitations:</u></p> <ul style="list-style-type: none"> ~Expires 1/1/08. ~No sound recording production company shall earn a sound recording investor tax credit in more than 3 years out of any 5 year period. ~Credits shall never exceed total base investment in production or infrastructure project. ~No credit allowed for any expenditures for which a credit was granted under the Motion Picture Investor Incentive. ~\$3M annual credit cap. 	<p>SALES & USE TAX:</p> <p><i>Point of Sale Exemption</i></p> <p>Motion Picture Production Company</p>	<p>SALES & USE TAX:</p> <p><i>Point of Sale Exemption</i></p> <p>Motion Picture Production Company is a company engaged in business of producing nationally distributed motion pictures, videos, TV series, or commercials intended for a theatrical release</p>

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Louisiana <i>continued</i>								<p>the amount of which varies depending on location, are not exempt except by special ordinance of the local jurisdiction.</p> <p>~Expires 1/1/06.</p> <p>or for TV viewing. ~Motion picture must be made partially or wholly in state and does not include production of TV coverage of news and athletic events.</p> <p>~Must intend to spend minimum of \$250,000 in connection with the filming or production.</p> <p>~Expenditures must be made from state bank account.</p> <p>~Once application is approved, Film Office notifies Dept. of Revenue which then issues certificate of exemption for use of company.</p>	
Maine	2% to 8.5% (based on bracket)	3.5% up to 8.93%	5%	None	7%	up to 4%	<p>LOGGING TAX: Lodging taxes not applied for stays of longer than 30 days; not specific to entertainment industry.</p> <p>LOGGING TAX: N/A</p>	<p>SALES TAX: <i>Point of Sale Exemption</i> Film\Video Production Company</p> <p>~Film\Video Production Company must apply for tax registration with Maine Revenue Services.</p> <p>~Once approved will receive "blanket certificate of exemption".</p>	

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type		
Maine <i>continued</i>							<p>systems; props & scenery materials & equipment; costumes & wardrobe material; storyboard materials; drafting & art-table materials; makeup & wigs; fog machines; wind machines; generators used to operate exempt equipment (including cost of gas); dollies & cranes used to support exempt equipment; terminating boxes & extension cables used with exempt equipment; time code equipment; VTR editing equipment; switchers; character generators; linear & non-linear editing equipment; electronic data-storage equipment & devices; & repairs to qualifying machinery & equipment.</p> <p>FUEL & ELECTRICITY SALES TAX EXEMPTION: <i>Point of Sale</i> exemption for payment of sales tax on 95% of cost of fuel & electricity used at production sites.</p>	<p>FUEL & ELECTRICITY SALES TAX EXEMPTION: SALES TAX EXEMPTION: Companies creating film, video & new-media projects can use same "Blanket Certificate of Exemption" issued for sales tax exemption described above.</p>	<p>LODGING TAX: Local lodging taxes not applied for stays of more than 28 consecutive days. When stay is 28 consecutive days or longer, taxes charged for first 28 days is refunded. Not specific to entertainment production companies.</p>	<p>LODGING TAX: N/A</p>	

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Maryland	2% up to 4.75% (based on bracket)	7%	5%	None	5%	up to 8%	<p>SALES & USE TAX: ~Exemption available to qualified feature, TV, cable, commercial, documentary, music video, etc., projects qualified by state film office.</p> <p>~Producer applies to film office for qualification on a specific project. ~If the application is qualified and the office approves the application, a numbered sales tax exemption certificate for the project is provided.</p> <p>SALES & USE TAX: Point of Sale Exemption for property & services used directly in connection with film/video activity, including, but not limited to, the following: ~camera equipment, supplies & accessories; motion picture film and videotape stock; <u>digital</u> discs & masters; production facilities, including sound stage space, lighting equipment & supplies, including bulbs & lamps; stage equipment and supplies; cranes, booms, dollies & jibs; electric stands, cables & wires; generators for tax exempt lighting & stage equipment; time code equipment; VTR & digital editing equipment; switchers; character generators; sound recording equipment & supplies; costumes, wardrobes, props, scenery & materials to construct them; make-up & supplies; design equipment & supplies; heating & air conditioning equipment used on set; drafting & art supplies & equipment; special effects & equipment; photographic film & processing; animation equipment & supplies; computer graphics & images; short-term images; short-term vehicle rentals; and equipment & supplies</p>	<p>SALES & USE TAX: Film/Video Producers of Qualified Productions</p>	

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Maryland <i>continued</i>							<p>for dubbing, mixing, editing & cutting. ~Editing; film processing; computer graphics services; photography on the set used in the film; & fabrication, printing, or production of scripts, storyboards, costumes, wardrobes, props, scenery or special effects; film to tape or film to digital format transfers; foley services; multi-image services; voice overs; ADR/looping & sound sweetening; & repairs to qualifying machinery & supplies.</p> <p>WAGE REBATE PROGRAM: ~Funded through state appropriation & other funds made available to "Film Production Employer Wage Rebate Fund" ~Qualified Film Production Employer may receive a <u>rebate</u> of 50% of amount of <u>qualified employee wages</u> that such employer has paid, up to maximum rebate of \$2M for any film production activity. ~Qualified wages means first \$25,000 of employee wages attributable to work on project in state. Does not include <u>any portion of wages of person making \$1M or more.</u></p> <p>WAGE REBATE PROGRAM: ~At least \$500,000 in total direct costs incurred in state for production of film or video projects intended for nationwide commercial distribution. ~Total costs include other expense necessary to carry out film production activity. ~Film production activity includes production of feature films, TV projects, commercials, corporate films, infomercials, music videos, digital, animation, & multimedia projects. ~Film production activity <u>DOES NOT include student films,</u></p>		

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Maryland <i>continued</i>								<p>noncommercial personal videos, sports broadcasts, broadcasts of live events, talk shows, or activity not necessary to and undertaken directly & exclusively for making of a master film, tape, or image.</p> <p>~Prior to filming must apply for rebate with Dept. of Business & Economic Development & enter into grant agreement with department.</p>	<p>LODGING TAX: N/A</p> <p>LODGING TAX: Lodging taxes not applied for stays of longer than 30 days; not specific to entertainment industry.</p> <p>LODGING TAX: N/A</p>
Massachusetts*	12% (for short-term capital gains income) 5.3% (for all other income)	Corps pay excise tax equal to greater of: \$2.60 (<i>includes surtax</i>) per \$1,000 of value of tangible property not taxed locally or net worth allocated to state, plus 9.5% (<i>includes surtax</i>) of net income; or \$456 (<i>includes surtax</i>), whichever is greater. (<i>Surtax of 14% imposed.</i>) Special rates for certain corps provided.	None	5.7% (Lodging tax, then applied, in lieu of state sales tax)	up to 4%	<p>INCOME TAX: Allows taxpayer engaged in the making of a motion picture a <u>transferrable employment credit of 20% of aggregate payroll paid by Motion Picture Company that constitutes MA source income.</u></p> <p>~Additional credit of 25% of all state production expenses, excluding payroll used to claim employment credit. To get credit more than 50% of total production expenses must be in state or at least 50% of total <u>principal photography days in state.</u></p>	<p>INCOME TAX: Taxpayer engaged in making of a motion picture.</p> <p>~See definitions of "motion picture" and "motion picture production company" under the Sales & Use Tax column below.</p> <p>~Production costs in state must equal or exceed \$250,000 during taxable year to be eligible for credit.</p> <p>~Eligible production costs are wages & salaries paid to individuals in production; costs of set construction & operation, editing & related services,</p>	<p>INCOME TAX: Taxpayer engaged in making of a motion picture</p>	

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type	
Massachusetts <i>continued</i>							<p>Credits ~Not refundable.</p> <p>~May transfer, sell or assign; however, only to other film taxpayers.</p> <p>~5 year carry-forward.</p> <p>~Apply only to filming or production of 1 or more motion pictures in state within any consecutive 12 month period.</p> <p>Limitations:</p> <ul style="list-style-type: none"> -Cannot include salary of employee that is \$1M or more. ~\$7M cap in credits for any 1 motion picture production. ~Transfer, sell, or assign credits only to other film taxpayers with tax liabilities. ~Repeals 1/1/2013. 	<p>photography, sound synchronization, lighting, wardrobe, make-up & accessories; film processing, transfer, sound mixing, special & visual effects; music; location fees & cost of purchase or rental of facilities & equipment; any production expense Dept. of Revenue says is eligible.</p> <p>DOES NOT INCLUDE</p> <p>costs related to marketing or advertising motion picture, any costs related to transfer of tax credits, or any payment of persons or businesses as result of their participation in profits from exploitation of production.</p> <p>~Prior to transfer, sale or assignment of tax credit, must provide information to Commissioner of Revenue who determines eligibility of parties and issues a certificate of eligibility for credits and the credits available to transfer, sell, or assign. Transaction cannot take place without certificate.</p>	<p>SALES & USE TAX:</p> <p>~"Motion Picture Production Company" is a company, including any subsidiaries, engaged in business of production motion pictures, videos, TV series, or commercials intended for a theatrical release or for TV viewing. Does not include any company with more than 25%</p>	<p>SALES & USE TAX:</p> <p>Motion Picture Production Company; Student of Accredited Film School</p>

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type		
Massachusetts continued								<p>affiliation with company or person in default on loan or loan guarantee by state.</p> <p>~"Motion picture" means a feature-length film, a video, a TV series defined as a season not to exceed 27 episodes, or a commercial made in the state, in whole or in part, for theatrical or TV viewing or as a TV pilot. <u>DOES NOT</u> include production featuring news, current events, weather & financial market reports, talk show, game show, sporting events, awards show or other gala event, a production whose sole purpose is fundraising, a long-form production that primarily markets a product or service, or a production containing obscene material or performances.</p>	LODGING TAX: Lodging taxes not applied for stays of longer than 90 days; not specific to entertainment industry.	LODGING TAX: N/A	LODGING TAX: N/A

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Minnesota	5.35% up to 7.85% (based on bracket)	9.8%	6.5%	up to 1%	None	up to 6%	<p>SALES & USE TAX: TV Commercial Point of Sale Exemption</p> <p>Commercial productions for broadcast, cable, or satellite television meeting the requirements specified in column to the left.</p>	<p>SALES & USE TAX: TV Commercial Point of Sale Exemption</p> <p>~TV Commercial must be made for broadcast, cable, or satellite television: commercial includes films or videos where the main purpose is advertising or promotion.</p> <p>~Includes films, videos, or infomercials that may promote sale of a product, services, or a public image or may be a public service announcement or a political message.</p> <p>~<u>DOES NOT</u> include commercials for the following uses:</p> <p>conventions, dealers' showrooms, demo reels, in-store videos, in-store closed circuit broadcasts, mall kiosks, movie theaters, trade shows, or video walls.</p> <p>~Must fill out forms provided by MN Department of Revenue to obtain certificate of exemption.</p> <p>~Rentals or leases of equipment used for preproduction or production such as cameras, generators, lighting & grip equipment, & VTR/video assist equipment.</p> <p>~Vehicle rentals if vehicle is specially designed & equipped with items used primarily in preproduction and production.</p> <p>~Props & sets purchased but only used once & disposed of or rented for use in preproduction & production.</p>	

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Minnesota continued							<p>Capital Equipment Tax Refund</p> <p>~Includes taxes paid on sale, lease, or rental of equipment used primarily for manufacturing or fabricating a product to be sold at retail. This includes any equipment to produce any film or video, not just TV commercials.</p> <p>~Examples of equipment are: cameras, lights, props, computers & software to make animated films; audio recording equipment, special effects equipment, & duplication recording equipment.</p> <p>Note: Props and sets purchased & used only once & disposed of are EXEMPT from taxation.</p>	<p>Capital Equipment Tax Refund</p> <p>File for refund with MN Department of Revenue or forms provided for refund.</p>	Capital Equipment Tax Refund
Mississippi	3% up to 5% (based on bracket)	3% up to 5%	7%	None (per state tax guide & 2005) 1% to 3% (imposed on restaurants and lodging in some towns)	Up to 3%		<p>INCOME TAX:</p> <p><i>Income Tax Credit to production company for employment of state residents.</i></p> <p>~10% of total aggregate payroll for residents employed in connection with the state-certified production during a taxable year. (<i>Payroll includes salary, wages, or other compensation including benefits</i>)</p> <p>~Credit applied to company's income tax</p>	<p>INCOME TAX:</p> <p><i>Income Tax Credit to production company for employment of state residents.</i></p> <p>~Must be a Motion Picture Production Company producing a state-certified production. See comments under "Sales and Use Tax" below for details.</p> <p>~If company is not subject to tax under Chapter 7 of Title 27, MS Code, credit can flow through corporate</p>	INCOME TAX:

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type		
Mississippi <i>continued</i>							<p>liability under Ch 7 of Title 27, MS Code of 1972, "Income and Withholding Tax".</p> <ul style="list-style-type: none"> ~Non-transferable and non-refundable credit. ~<u>Carry forward no more than 10 years.</u> ~Credit limited to tax liability created by the activity for which the credit is granted. <p>Tax Rebate</p> <ul style="list-style-type: none"> ~Rebates made by State Tax Commission shall be made from current income tax collections. ~<u>10% rebate of base investment of production company in state.</u> ~Base investment means aggregate production expenditures in state, excluding payroll. <p>Note: Tax rebate issued within 90 days of completion of all required documentation.</p>	<p>Tax Rebate</p> <p>Qualifications:</p> <ul style="list-style-type: none"> ~Must be a Motion Picture Production Company producing a state-certified production. See comments under "Sales and Use Tax" below for details. <p>Requirements:</p> <ul style="list-style-type: none"> ~Tax rebate certification application must be completed, submitted, and approved prior to completion of principal photography. ~Must submit application for credit to State Tax Commission. 	<p>TAX REBATE</p> <p>State-Certified Motion Picture Production</p>	<p>SALES & USE TAX:</p> <p>Point of Sale Exemption from state tax for the following production items: film; videotape; building materials used in set construction; makeup; fabric used as or in wardrobe construction;</p>	<p>SALES & USE TAX:</p> <p>State-Certified Motion Picture Production</p>

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Mississippi <i>continued</i>							<p>clothing used as wardrobe, including shoes, accessories, & jewelry; materials used as set dressing; materials used as props; materials used in special effects creation; expendables used by camera, grip, & electric departments.</p> <p>Tax Reduction to 1.5% tax on production equipment: audio, camera, editing, lighting, projection, sound, & computer equipment used for animation, editing, or special effects.</p>	<p>pilot. ~Does not include production of TV coverage of news and athletic events, or a film, video, TV series or commercial that contains any material or performance defined as obscene.</p> <p>~Production must be "state certified", i.e., certified by state film office and the Mississippi Authority(MDA).</p> <p><u>Requirements:</u></p> <ul style="list-style-type: none"> ~Production company must submit letter of application to film office & MDA and receive certification number. ~Exemption & reduction applications must be completed, submitted & approved and Mississippi State Tax Commission will issue "direct pay permit". 	<p>INCOME TAX: Film Production Tax Credit</p> <p>(1) Qualifications: ~Cannot award tax credits to producers who have already selected state for their project;</p> <p>~Before decision on location, must submit a preapplication form to DED that provides estimates for the expenditures, projected dates for establishing the production office</p>
Missouri	1.5% up to 6% <i>(based on bracket)</i>	6.25%	4.225%	up to 3.5% <i>(per film office)</i>	None	up to 8%	<p>INCOME TAX: Film Production Tax Credit - (capped at \$1.5M per year)</p> <p>~Missouri Department of Economic Development (DED) may issue a film production company state income tax credit equaling <u>up to 50%</u> of the company's state <u>expenditures necessary for making a film, not to exceed \$1M</u> in tax credits per project.</p>	<p>INCOME TAX: Film Production Tax Credit</p> <p>(1) Qualifications: ~Cannot award tax credits to producers who have already selected state for their project;</p> <p>~Before decision on location, must submit a preapplication form to DED that provides estimates for the expenditures, projected dates for establishing the production office</p>	

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type	
Missouri <i>continued</i>							<p>Tax Credits Assignable:</p> <ul style="list-style-type: none"> ~Credits may be applied against state income taxes, excluding withholding taxes or financial institution taxes. ~<u>Credits may be applied by original recipient against such tax liability, or may be sold or transferred to another taxpayer & applied by the transferee against such tax liability.</u> ~<u>Credits may be used for the tax period during which they are earned, or may be carried forward for up to 5 additional tax periods.</u> <p>(2) Actual certificates of tax credits may be delivered to production company upon completion of state portion of project & state expenditure verification by DED.</p> <p>(3) Transfer form must be completed if tax credits to be sold or transferred & sent to DED. Otherwise, Department of Revenue will not recognize transfer.</p>	<p>& first day of principal photography (this will be used to determine the reservation of tax credit amount);</p> <p>~Film production company must spend \$300,000 or more in state in making of the film;</p> <p>~Only those state expenditures that are necessary for the film production are applicable (may include costs for labor, services, materials, equipment rental, lodging, food, location fees & property rental.)</p>	<p>LODGING TAX: N/A</p> <p>LODGING TAX: Local lodging and sales taxes not applied for stays of longer than 31 days; not specific to entertainment industry.</p>	<p>LODGING TAX: N/A</p>

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Montana	1% up to 6.9% (based on bracket)	6.75%	None (Note: There is, however, a limited sales & use tax of 4% on rental vehicles.)	3% (Local option sales tax on retail value of goods & services sold by lodging & camping facilities, restaurants, taverns, & luxury stores. This is a resort tax in qualifying areas with pop. under 5,500.)	7%	3% (Note: See explanation under local sales & use tax. The total tax cannot exceed 3%.)	INCOME TAX: Big Sky on the Screen Act ~Two part refundable tax credit applied against Certified Production Company's tax liability: (1) 12% of resident labor expenditures earned on first \$50,000 of wages paid per state resident, & (2) 8% of total qualified production company's state expenditures. ~Qualified expenditures consist of hotel & lodging; application fee to food; location fees & site rentals; security, police, or rangers; production equipment rental; fuel costs; expendables; lumber & other construction materials; & vehicle rentals.	INCOME TAX: Big Sky on the Screen Act 1) To receive credits, Department of Commerce (Montana Film Office) must certify production as "state-certified" prior to beginning production, Production Company must make application to the Department of Revenue at tax-year-end of filming year, & pay an application fee to Revenue. 2) <u>State Certified Production</u> ~must be a nationally or regionally distributed feature-length film, short film, documentary, TV series or segment, TV pilot, magazine advertising, or commercial; ~be made in state, in whole or in part; ~must be for theatrical, TV, video, internet, or other viewing; ~\$1M maximum tax credit allowed per state certified production. ~1/1/2010 expiration date. ~Under specified circumstances, unused credits can carry forward to 12/31/2014.	INCOME TAX: Big Sky on the Screen Act Production Company producing "state-certified" production ~does not contain obscene material or performance nor is produced with any money for tobacco placement, ads, or use; & ~is produced by Production Company with distribution plan including, but not

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Montana <i>continued</i>								limited to, major theatrical exhibition, film festival, cable or network TV programming, magazine ads, or video or internet distribution.	
								PROPERTY TAX & LICENSING FEES: See explanation of exemption.	
								PROPERTY TAX & LICENSING FEES: Exempts out-of-state commercial vehicles and equipment used exclusively in filming motion pictures or TV commercials <u>provided</u> property does not remain in state for more than 180 consecutive days in a calendar year.	
								LOGGING TAX: N/A	
								LOGGING TAX: Lodging taxes not applied for stays of longer than 30 continuous days; not specific to entertainment industry.	
								LOGGING TAX: N/A	
								LOGGING TAX: N/A	
								LOGGING TAX: N/A	
Nebraska	2.56% up to 6.84% (based on bracket)	5.58% up to 7.81%	5.5%	up to 1.5%	1%	1% to 4%	1% to 4%	LOGGING TAX: Lodging taxes not applied for stays of longer than 30 continuous days; not specific to entertainment industry.	
Nevada	None	6.5% (Includes 2% state rate plus 4.5% mandatory county rate)	up to 1.25%	1% (3/8 goes to the state; 5/8 remains with the counties)	up to 8.125%	up to 8.125%	up to 8.125%	LOGGING TAX: Lodging taxes not applied for stays of longer than 30 continuous days; not specific to entertainment industry.	
New Hampshire	5% (on interest & dividends only, regardless of filing status)	8.5%	None	None	8%	None	8%	LOGGING TAX: N/A	
								LOGGING TAX: N/A	

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
New Jersey	1.4% up to 8.97% (based on bracket)	6.5% up to 9%	6%	None	5%	up to 7%, varies from town to town <i>(exception: 12% in Atlantic City and 8% in Cape May)</i>	<p>SALES & USE TAX: Point of Sale Exemption</p> <ul style="list-style-type: none"> ~Receipts from sales of tangible personal property including motor vehicles, replacement parts without regard to useful life, tools and supplies, & ~Receipts from sales of the services of installing, maintaining, servicing, or repairing tangible personal property. <p>SALES & USE TAX: Point of Sale Exemption</p> <ul style="list-style-type: none"> ~Must be used or consumed directly & primarily in the production of a film or video. ~Does not apply to tangible personal property the use of which is incidental to the production of film or video. ~Does not apply to any film or video produced by or on behalf of a corporation or other person for its own internal use for advertising, educational, training, or similar purpose. ~Must obtain an exempt use certificate from Division of Taxation prior to purchases. 	<p>LODGING TAX: N/A</p> <p>LODGING TAX: Lodging taxes not applied for stays of 90 or more consecutive days; not specific to entertainment industry.</p>	<p>LOAN GUARANTEE PROGRAM:</p> <ul style="list-style-type: none"> ~Through NJ Economic Development Authority (EDA) provides a guarantee for a portion of loans made by other lenders to encourage lenders to finance film projects. ~Guarantees cannot exceed 30% of the bank financing cost of <p>LOAN GUARANTEE PROGRAM:</p> <ul style="list-style-type: none"> ~More than 70% of shooting days of film project must be in N.J. ~At least 50% of below-the-line expenses of operating budget of project must be spent in N.J.

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
New Jersey <i>continued</i>							<p>project, or \$1.5M, whichever is less.</p> <p>~EDA retains a security interest in the assets of the Film Production Company including, but not limited to, all revenues, payments, money & proceeds generated by the film project, to the extent necessary to insure the EDA's full recovery of loan.</p> <p>~Production company must enter into a <u>faithful performance bond</u> or similar security with EDA prior to granting of loan.</p> <p>Limitations:</p> <p>~Outstanding balance of all loans guaranteed cannot exceed \$10M at any time; however, EDA may increase amount if deems needed.</p> <p>~Funded from repayment of film loans; moneys from other business assistance programs under EDA; & any other source EDA determines available for use.</p> <p>~In 2008, EDA must determine whether or not to continue program & provide decision in writing to Governor & Legislature.</p>	<p>Must have obtained at least one-half of total production costs from other sources.</p> <p>~Must provide in employment contracts that will not pay less than prevailing wage rate.</p> <p>~Film project cannot contain content that would result in adult ratings.</p> <p>~Film Production Company must be engaged in the business of making motion picture or television images for theatrical, commercial or educational purposes for exhibition in theaters, by TV stations or by other means for the home viewing market.</p> <p>Requirements for Filing:</p> <p>~Production company must file application with EDA for determination of eligibility.</p> <p>~Project must then receive favorable recommendation from NJ Motion Picture & TV Commission.</p> <p>~EDA must approve all requests for loan guarantee.</p>	

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
New Mexico	1.7% up to 6% (based on bracket)	4.8% up to 7.6%	5%	up to 2.8%	None	up to 2.5%	INCOME TAX: <i>Film Production Tax Rebate</i> ~Up to 20% tax rebate on film production expenditures subject to taxation by NM. ~No cap. ~No requirement for minimum production spend in state. ~No requirement for percentage of shoot in state to qualify. ~Credit may be applied in full or in part against income tax liability of Film Production Company. ~Amount above credit liability for taxable year is refunded. ~15% rebate contains no requirement on use of NM residents.	INCOME TAX: <i>Film Production Tax Rebate</i> ~Prior to production, must register with Film Office, submit script, & submit production tax credit agreement to Film Office. For additional 5%, must also submit crew spreadsheet and crew count. ~Script cannot contain obscene elements precluding minors viewing without adult. ~After production, Film Office notifies Department of Taxation & Revenue when all requirements in tax credit agreement have been met. ~Company then files information for credit with department. The department will send approved credit amount form to company for filing with income tax return.	INCOME TAX: <i>Film Production Tax Rebate</i> Feature films, television, national & regional commercials, & documentaries. ~"Film" means a single medium or multi-media program, including national advertising messages, fixed on film videotape, computer disc, laser disc, or other delivery medium, that can be viewed or reproduced & that is exhibited in theaters or by individual TV stations, groups of stations, networks, cable TV stations or other means or licensed for home viewing.

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type	
New Mexico <i>continued</i>							<p>airfare purchased through NM-based travel agency or company; insurance & bonding purchased through NM-based insurance agent; other direct costs of producing film within film industry practice.</p> <p>~<u>Direct production expenditures excluded:</u></p> <p>expenditures for which production company has delivered an NTTC (see sales & use tax information).</p> <p>Limitation: Repeals 1/1/2009.</p>	<p>SALES & USE TAX: Gross Receipts Tax NTTC Program</p> <p>~3 forms have to be completed & returned to Film Office: a registration form with office; registration form with Dept. of Taxation & Revenue (business id number); & application for NTTC.</p> <p>~Tax Department forms forwarded by Film Office.</p> <p>Dept. of Taxation & Revenue provides forms to Qualified Production Companies.</p>	<p>SALES & USE TAX: Gross Receipts Tax NTTC Program</p> <p>~Feature films, television, national & regional commercials, & documentaries.</p> <p>~See NM Income Tax above for definition of "film."</p> <p>~According to NM, this is used primarily by producers of local, regional, & national advertisements.</p> <p>(Note: Cannot claim expenditure here and use same expenditure on Tax Rebate Program.)</p>	

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
New Mexico <i>continued</i>							<p>FILM INVESTMENT PROGRAM:</p> <p>~NTTCs are issued to Qualified Production Companies by Dept. of Taxation & Revenue.</p> <p>FILM INVESTMENT PROGRAM:</p> <p>~State loan/investment program in NM film projects by State Investment Council (SIC) for up to 5% of the market value of the <u>Severance Tax</u>. Permanent Fund.</p> <p>(Total capacity of fund amt. is over \$191.4M; remaining capacity is more than \$88.5M.)</p> <p>~Guaranteed, 0% Interest Loan, for up to \$15M per project for qualifying feature films or TV projects.</p> <p>~Investments can account for 100% of cash financing.</p> <p>~Requires negotiated participation in film project's post-break even revenues.</p> <p>Eligibility requirements for consideration:</p> <p>~Script cannot contain excessive or gratuitous violence or sexual content, hard language, drug abuse, culturally sensitive material or a combination of the above, with the SIC.</p> <p>~Budget must reasonably cover scope of project.</p> <p>~At least 85% of principal photography shot in NM.</p> <p>~60% of Below-the-Line payroll must be allocated to NM residents.</p> <p>FILM INVESTMENT PROGRAM:</p> <p>Qualifying Feature Films and Television Projects</p> <p>~Must initiate process with Film Office (office) to provide information to determine eligibility for presentation to SIC.</p> <p>~Must meet eligibility requirements outlined under description of loan program.</p> <p>~Office determines eligibility of script.</p> <p>~SIC must approve guarantor and Film Advisor must approve distributor & distribution agreement must be for a significant territory that supports revenue estimates covering a substantial part of the budget.</p> <p>~Must pay \$15,000 to \$25,000 in state legal fees commitment required in connection with implementing paperwork.</p> <p>~Two public hearings are held on loan: one with the Private Equity Investment Advisory Committee & the other</p> <p>discretionary authority in determining approval for funding.</p> <p>~Loan repayment required no later than 5 years.</p>		

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
New Mexico <i>continued</i>							<p>~Guarantor for principal amount of loan must be in place.</p> <p>~Signed distribution contract must be in place.</p> <p>~1st time producers must be affiliated with seasoned producers in equity only investments.</p> <p>~In case of guarantee no-interest loan investments, guarantor must be corporate entity with at least investment grade rating from Moody's or Standard & Poor's, an irrevocable letter of credit issued by U.S. based bank with at least an A credit rating or another substantial & solvent entity acceptable to SIC.</p> <p>Limitations:</p> <p>~Must pay back loan in no more than 5 years. (Note: State does recoup <i>behind distributor & equity investors, but if it does not recoup its principal, then the guarantee of principal is called.</i>)</p> <p>~Funding available only to extent of availability of funds through Severance Tax Permanent Fund; \$90M/yr rolls over per Film Office.</p>	<p>FILM CREW ADVANCEMENT PROGRAM</p> <p>Only information provided was for production to contact Film Office regarding use of program.</p> <p>~Trainee must be a NM resident and is defined as a potential crew</p>	<p>FILM CREW ADVANCEMENT PROGRAM</p> <p>Production Companies wanting to supplement budget for creating feature films, TV programs, commercials, documentaries, music videos, public service announcements, etc.</p>

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
New Mexico continued							<p>member who does not have a previous work credit in the craft level for which he or she is being hired.</p> <p>~Film Office is working with LATSE in effort for training for new & existing film & media technicians.</p> <p>Note:</p> <p>Ch 102-05, Laws of New Mexico, provided for use of up to \$2M of developmental training funds to be used to reimburse film & multimedia production companies & to provide preemployment training for the industry.</p>	<p>LODGING TAX: N/A</p> <p>LODGING TAX: Lodging taxes not applied for stays of longer than 30 consecutive days; not specific to entertainment industry.</p>	<p>LODGING TAX: N/A</p>

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
New York <i>continued</i>		allocated subsidiary capital is imposed. (Special rates for S corps & small businesses.)					<p><i>(including a member of a limited liability company that is treated as a partnership for federal income tax purposes)</i></p> <p>that is a qualified film production company. No New York S corporation may use this credit against its own tax; instead, credit is provided to its shareholders who are subject to tax.</p> <p>Use of Credit:</p> <ul style="list-style-type: none"> ~Credit allowed for tax year in which production is completed. ~If cannot be used, <u>50% of unused portion is refundable</u>. Remaining portion applied to next year tax. Any remaining fully refunded. <p>Production Spend Requirements:</p> <ul style="list-style-type: none"> ~At least 75% of total production costs (excluding post-production) attributable to use of any film production facility within and outside NY, must be spent at qualified production facility in NY; or ~If actual costs paid that are attributable to qualified facility use are less than \$3M, then shooting days outside of facility in NY must be equal to 75% of total shooting days for production. <p>Allocation of Credits:</p> <ul style="list-style-type: none"> ~Based on priority of filing the application. 	<p>qualified film & controls the film during production.</p> <p>~"Qualified film" is a feature-length film, TV film, TV pilot &/or each episode of a TV series, regardless of medium by means of which created or conveyed. <u>DOES NOT include documentary film, news or current affairs program, interview or talk program, "how-to" film or program, film or program consisting primarily of stock footage, sporting event or sporting program, game show, award ceremony, industrial, corporate or institutional end-user film or program, daytime drama (soaps), commercials, music videos or "reality" programs, or if records are to be maintained for reporting due to sexually explicit conduct.</u></p> <p>Process Requirements:</p> <ul style="list-style-type: none"> ~Qualified Film Production Company must file an application with the New York State Governor's Office for Motion Picture & TV Development. ~Based upon application, certification of conditional eligibility is given. ~Upon completion of production, final 	

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
New York continued							<p>~If amount of allocated credits applied for exceeds aggregate amount allowed in a particular year, the excess amount will be treated as having been applied for in the subsequent year.</p> <p><u>Limitations:</u></p> <ul style="list-style-type: none"> ~Repeals 8/20/08. ~Total aggregate credit is limited to \$25M per year. ~Eligible production costs <u>DO NOT include</u> costs of story, script or scenario & wages or salaries or other compensation for writers, directors, including music directors, producers & performers (except background actors with no lines). ~Credit cannot reduce tax due to less than the fixed dollar minimum tax. 	<p>NYC ADD ON</p> <p>General Requirements:</p> <ul style="list-style-type: none"> ~Must be an authorized applicant. (See last column for description.) ~Must apply for certificate of conditional eligibility with Mayor's Film Office. ~Within 60 days after completion of production, must submit a final application to Office for review. If approved, tax credit certification will be provided to Dept. of Finance. 	<p>NYC ADD ON</p> <p>Qualified Film Production Company that begins principal photography on a qualified film no more than 180 days after submitting an initial application to Mayor's Office of Film, Theatre & Broadcasting and meets specified requirements in rules promulgated to implement subdivision c of section 7 of Part P of Chapter 60 of Laws of 2004.</p>

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
New York continued								<p>services in NYC directly & predominantly in production of qualified film. Not as restrictive as state.</p> <p>Production Spend</p> <p>Requirements:</p> <ul style="list-style-type: none"> ~At least <u>75%</u> of qualified production costs (excluding post-production), attributable to spend at <u>qualified production facility (NYC)</u> or film production facility <u>within and without NYC</u>; or ~If actual costs paid that are attributable to qualified facility use are less than \$3M, then shooting days outside of facility in NY <u>must be</u> equal to <u>75%</u> of total shooting days for production. <p>Allocation of Credit:</p> <ul style="list-style-type: none"> ~Office allocates amount of credits allocated for each year in order of priority based on applicant's effective date. ~If production credits exceed maximum allowed, approved applicant will be allocated credits on <u>a priority basis</u> in the succeeding calendar year. <p>Limitations:</p> <ul style="list-style-type: none"> ~Repeal 8/20/08. ~Maximum <u>\$12.5M</u> credits allotted each calendar year. 	

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type		
New York continued							<p>Investment Tax Credit for Qualified Film Production Facilities</p> <p>~Provides an investment tax credit for taxpayer against franchise.</p> <p>~<u>Credit is provided to a taxpayer who owns qualified property (e.g., a film studio) where another uses it for his/her use directly and predominantly in the production of a film for sale.</u></p> <p>~The facility must meet the definition of a "qualified film production facility" and provide services to a "qualified film production company." Those terms mean the same as used in the "Empire State Incentive" discussed above.</p> <p>Purpose:</p> <p>~Intended to encourage production by giving credit for new production facilities & to encourage the modernization of existing, antiquated production facilities.</p>	<p>Investment Tax Credit for Qualified Film Production Facilities</p> <p>See explanation of credit.</p>	<p>Investment Tax Credit for Qualified Film Production Facilities</p> <p>Any taxpayer owning qualified property (Signed into law 8/2/05. Applied to property in service, or buildings or structural components of buildings for which a final certificate of occupancy is received after 1/1/05.)</p>	<p>Investment Tax Credit for Qualified Film Production Facilities</p> <p>Any taxpayer owning qualified property (Signed into law 8/2/05. Applied to property in service, or buildings or structural components of buildings for which a final certificate of occupancy is received after 1/1/05.)</p>	<p>SALES & USE TAX:</p> <p>Feature films, TV films, commercials, & similar film & video productions when created for sale</p>

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
New York <i>continued</i>							<p>only apply to the purchase of property or services that are used or consumed directly & predominantly in the production process.</p> <p><u>Exemptions DO NOT apply to purchase of property or services for use in either administrative or distribution activities.</u></p> <p><u>Exemptions:</u></p> <ul style="list-style-type: none"> ~Purchase or lease of machinery or equipment, as well as parts, tools & supplies, used or consumed directly & predominantly in film production. <p><u>Note :</u> <i>Lodging, food, travel & living expenses, arranging travel, etc. are not exempt.</i></p> <ul style="list-style-type: none"> ~Certain purchases for resale: materials & services on these material that will become a part of component of product sold may be purchased exempt from tax, if properly completed Resale Certificate, is issued to supplier. <p>Ex: Sale of original negative constitutes the sale of a film, therefore, purchase of negative raw stock, as well as purchase of services of negative developing, are exempt as purchases for resale.</p> <ul style="list-style-type: none"> ~Charges to install, repair, maintain or service production equipment, parts, tools & supplies. ~Utilities used or consumed directly & exclusively in production 		

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type	
							<p>of film for sale are exempt from tax.</p> <p>~Motor Fuels Used in Production: NY State & local taxes must be paid on all motor fuel & diesel fuel when purchased. Such fuel used or consumed directly & exclusively in production of film for sale is exempt from tax. A REFUND can be claimed by filing a refund application.</p>	LOGGING TAX: N/A	LOGGING TAX: N/A	INCOME TAX: <i>Film Industry Jobs Incentives</i> (repeals 1/1/10) ~Qualified Production Companies spending at least \$250,000 in state on eligible productions. ~Defined as a person engaged in making original motion pictures, television or radio images for theatrical, commercial or educational purposes. Does not include radio production; TV production of news program or sporting event; production that is political advertising; nor production with obscene material.
North Carolina	6% to 8.25% (based on bracket)	6.9% (The NC Film Office states that entertainers and sports figures pay 4% tax.)	4.5%	2.5% (Statewide local tax. Only Mecklenburg has maximum of 3%).	Yes, percentage varies		INCOME TAX: <i>Film Industry Jobs Incentives (No Cap)</i> (repeals 1/1/10) ~Receive income tax credit of 15% of <u>eligible</u> in state spending for all goods, services, & labor purchased in state by eligible producers with \$250,000 minimum of expenditures. Note: For episodic TV series, an entire season of episodes is one production. ~ Credit Refundable if credit allowed exceeds amount of tax imposed for taxable year minus credits allowed, a refund will be paid to taxpayer.	INCOME TAX: <i>Film Industry Jobs Incentives</i> (repeals 1/1/10) ~Production companies file NC tax returns at end of their own fiscal year once in-state spending is completed. ~Tax credit is payable by check directly to the company usually within 2 months of filing of tax return with state. ~See "project type" column and description of incentive column for details on eligibility.		

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
North Carolina <i>continued</i>							<p>Limitations:</p> <ol style="list-style-type: none"> 1. Maximum credit allowed is <u>\$7.5 million</u> for a feature film production. 2. Goods purchased at a cost of \$25,000 or more, the qualifying expense is purchase price less fair market value at production completion. 3. No wages for individuals earning in excess of <u>\$1 million</u> for single production. 4. Expenses claimed as tax credit cannot be claimed as deduction under state's tax code, & taxable income must be adjusted to conform. <p>Production Eligibility:</p> <ol style="list-style-type: none"> 1. Eligible productions include theatrical, television, & direct-to-video (DVD) features, episodic television series & mini-series, animation productions, & commercials. 2. Ineligible productions are TV production of a news program or sporting event; radio production; any production that is political advertising, & production with obscene material. 	<p>SALES & USE TAX: Motion Picture Production Firms</p> <p>SALES & USE TAX: Must register with the Department of Revenue and present each vendor with certificate.</p>	

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type	
North Carolina <i>continued</i>							<p>2. <u>Sales to Motion Picture Production Firms of cameras, film, and props or building materials used in construction of sets used in actual filming of movies for sale, lease or rental are subject to 1% state rate of tax with a maximum of \$80 per article.</u> Sale of chemicals and equipment used to develop and edit film used to produce release prints qualifies for <u>1% state rate of tax.</u> <i>(Point of Sale)</i></p> <p>3. Sales of audiovisual masters made or used by a production company in making visual and audio images for first generation reproduction are <u>exempt from tax</u>.</p> <p>4. Any tangible personal property which physically becomes a part of an audiovisual master made or used by a production company and any charges for services that go into the fabrication, production or delivery of an audiovisual master are <u>exempt from tax</u>.</p> <p>5. Sale of developed movie film to commercial cable television stations which operate under the regulation of FCC for use by them in broadcasting and telecasting programs is <u>subject to 1% state rate of tax</u>.</p> <p>6. Sales of slide or film projectors, screens, & photographic supplies & equipment, including</p>			Motion Picture Production Firms

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
North Carolina <i>continued</i>									Commercial Television Companies
									Commercial Cable TV, TV, & Radio Companies
									Commercial Lodging Tax:
									N/A
North Dakota	2.1% up to 5.54% (based on bracket)	2.6% up to 7%	5%	up to 2%	6% (sales tax charged for lodging instead of 5%)	up to 3% (1% is city lodging & restaurant tax)	LODGING TAX: Lodging taxes not applied for stays of longer than 30 consecutive days; not specific to entertainment industry.	LODGING TAX: N/A	LODGING TAX: N/A
Ohio	0.712% up to 7.185% (based on bracket)	5.1% up to 8.5%	5.5%	up to 2%	None	up to 13.5%	LODGING TAX: Lodging taxes not applied for stays of longer than 30 consecutive days; not specific to entertainment industry.	LODGING TAX: N/A	LODGING TAX: N/A

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Oklahoma	0.50% up to 6.25% (based on bracket as of 1/1/06)	6%	4.5%	up to 2% (county) up to 5% (city)	None	up to 5% (county, generally for areas not incorporated or not imposing tax)	INCOME TAX: <i>Film Enhancement Rebate Program</i> ~Up to 15% of documented state expenditures directly attributable to production of a film, TV production, or TV commercial may be rebated to Production Company responsible for production, if film office determines proposed project has a reasonable chance of economic success. ~15% rebate requires 50% or more of crew to be state residents employed in state. ~10% rebate requires 25% up to 49% state crew. ~5% rebate is for less than 25% state crew. ~Allowable expenditures include, but are not limited to, wages or salaries of residents working on film; cost of construction & operations, wardrobe, accessories & related services; cost of photography, sound synchronization, lighting & related services; cost of editing & related services; rental of facilities & equipment; & other items & services necessary & essential to film production.	INCOME TAX: <i>Film Enhancement Rebate Program</i> 1) Eligibility Requirements for Production Company: ~Film must contain no child pornography or obscene material. ~Minimum film budget of \$2M of which \$1.25M must be spent in state. ~Provide evidence of recognizable distribution agreement within 1 year from end of principal photography. ~File a state income tax return. ~Have a completion guarantee bond. ~Provide information on workers, insurance bonds, etc. required by Office of Film & Music. 2) Decisions on Rebate: ~Office of Film & Music approves or disapproves all claims & informs Tax Commission. ~Tax Commission issues payments.	INCOME TAX: <i>Film Enhancement Rebate Program</i> Production Company producing film for exhibition in theaters, on television or elsewhere.

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type	
Oklahoma continued							<p>~If an approved claim is not paid in whole, or in part, the unpaid claim or unpaid portion may be paid in the following fiscal year.</p> <p>Limitations:</p> <ul style="list-style-type: none"> ~Total funding for rebate is \$5M per year from tax revenues diverted from GR & placed in rebate revolving fund. ~Cannot use sales tax exemption in conjunction with rebate. 	<p>FILM & MUSIC PROJECTS INVESTMENT TAX CREDIT</p> <p>State taxpayer in state film and music projects</p> <ul style="list-style-type: none"> ~"Film" has the same definition as in the above tax rebate. ~"Music project" is a professional recording released on a national or international level. 	<p>FILM & MUSIC PROJECTS INVESTMENT TAX CREDIT</p> <p>See explanation of credit.</p>	<p>FACILITY TAX CREDIT</p> <p>Company seeking to undertake a film or music production & development facility project and is approved by Director.</p>

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Oklahoma continued								<p>SALES & USE TAX: Point of Sale Exemption</p> <p>Recreation Commission gives final approval. ~Performance requirements are required to be met.</p> <p>SALES & USE TAX: Point of Sale Exemption</p> <p>Documentary, special, music video, TV commercial or TV program that will serve a a pilot for or be a segment of an ongoing dramatic or situation comedy, or a feature-length motion picture intended for theatrical release or for exhibition on national TV by a network or national or regional syndication.</p> <p>SALES & USE TAX: Point of Sale Exemption</p> <p>~Sale of tangible personal property & services to a motion picture or TV production company are <u>exempt</u> from state & local sales & use taxes, if used or consumed in connection with an eligible production. Copy of certificate provided to vendors at point of purchase.</p> <p>~Exemption is administered through use of a certificate of exemption obtained by eligible production company through application to Tax Commission. Certificate is shown to vendors.</p> <p><u>~Exempt items include,</u> but are not limited to:</p> <ol style="list-style-type: none"> 1. accommodations & meals; 2. production equipment purchases & rentals; 3. prop & wardrobe purchases & rentals; & 4. utilities used by production company on location & in production office. <p>Limitation: Cannot take advantage of sales tax exemption, if participating in the Film Enhancement Rebate Program.</p>	

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type	
Oregon	5% up to 9% (based on bracket)	6.6%	None	None	1%	up to 12.45% (Note: Rates vary statewide. <i>This is the highest rate at this time; however, there is no cap on rates.</i>)	<p>INCOME TAX: Greenlight Oregon Labor Rebate</p> <p>~Qualifying Film Production that incurs actual expenses of at least \$1M in state is eligible for a rebate of approximately 6.2% of wages paid through regular payroll for work done in state from which state income tax was withheld.</p> <p>~"Qualifying Film Production" is a production that occurs primarily in state & consists of: 1 or more commercials; 1 or more episodes of a TV show; or is a movie to be released in theaters, on video, on TV, over the Internet or over any other distribution channel.</p> <p>~For production more episodes of a TV series, the actual expenses are associated with production comprising no more than 1 season of episodes.</p> <p>~For commercials, the actual expenses are to be incurred within a single year.</p>	<p>INCOME TAX: Greenlight Oregon Labor Rebate</p> <p>~Production must meet the qualifications specified in the column on the rebate.</p> <p>~Production must apply to & be certified by the Oregon Film & Video Office as being eligible for participating in the rebate.</p> <p>~Once certified, office notifies Dept. of Revenue.</p> <p>~Portion of withholding payments are withheld and deposited in Greenlight Oregon Labor Rebate Fund.</p> <p>~Upon completion of production, office verifies expenses and pays rebate.</p> <p>-If expenses do not meet requirements, office keeps funds.</p>	<p>OREGON PRODUCTION INVESTMENT FUND: OREGON FILM FUND:</p> <p>~10% reimbursement of actual expenses or \$250,000, whichever is less, for a film other than a TV series.</p> <p>~10% reimbursement of actual expenses or \$30,000 per episode produced in state, whichever is less, for one or more episodes of a TV series.</p>	<p>OREGON PRODUCTION INVESTMENT FUND: OREGON FILM FUND:</p> <p>~"Film" means TV movie or 1 or more episodes of a single TV series, or a movie produced for release to theaters, video or the Internet.</p> <p>Does not include production of a commercial or 1 or more segments of a newscast or sporting event.</p>

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Oregon continued								<p>~Must apply to Oregon Film & Video Office & submit documentation for expenses paid.</p> <p>~Office is responsible for reimbursement.</p> <p>~In order to qualify, total actual expenses paid for film must equal or exceed \$1M.</p> <p><u>Limitation:</u></p> <p>~Reimbursement contingent upon funds deposited in or credited to Oregon Production Investment Fund.</p>	
							<p>LODGING TAX: Lodging taxes not applied for stays of longer than 30 consecutive days; not specific to entertainment industry.</p> <p>LODGING TAX: N/A</p>	<p>LODGING TAX: N/A</p>	
Pennsylvania	3.07% of taxable compensation, net profits, net gains from various items, & income from estates or trusts, dividends, interest & winnings	9.99%	6%	1% (Philadelphia and Allegheny County only)	6% (state sales tax does not apply to lodging)	up to 5% (7% in Philadelphia and Pittsburgh)	<p>INCOME TAX: <i>Film Production Tax Credit</i></p> <p>If 60% of total production expenses occur in state, it provides income tax credit up to 20% of eligible film production expenses incurred in state for wages & salaries under \$1M, construction, operations, editing, photography, sound synchronization, lighting, wardrobe & accessories, & cost of rental of facilities & equipment.</p> <p>~Cannot apply toward credit: marketing & advertising costs, development costs, story rights & music rights.</p> <p><u>Carryforward:</u></p> <p>Unused portion of credit can be carried forward to the next tax year for up to 3 tax years.</p>	<p>INCOME TAX: <i>Film Production Tax Credit</i></p> <p>Feature films, television films, television pilots or each episode of a television series.</p> <p>Must submit a pre-application form and then resubmit with actual expenditures after post production to the PA Film Office Film Tax Credit Dept.</p>	

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Pennsylvania <i>continued</i>							<p>Credit Sold or Assignable: May sell or assign, in whole or in part, a film production tax credit. Cannot occur until after end of fiscal year. Must be used in the fiscal year and cannot be more than 50% of tax liability.</p> <p>Limitation: Capped at \$10 million annually. Prioritized on start date of principal photography in state.</p> <p>SALES & USE TAX: Provides <u>point of sale</u> exemption for sales and use tax for the sale at retail to or use by a producer of tangible personal property directly used in the production of a commercial motion picture distributed to a national audience.</p> <p>~Examples of tangible personal property that is exempt are: <u>film</u> and <u>tape products</u>; set construction equipment and supplies; props, including livestock, motor vehicles, books, paintings and other tangible personal property when photographed as part of a scene; wardrobe; grip and lighting equipment; cameras; camera mounts including tripods; jib arms; steadicams; cranes; dollies; generators; walkie talkies; boats, trains, helicopters, airplanes, vans, trucks or other dubbing or sound</p> <p>SALES & USE TAX: Commercial Motion Picture for national audience distribution.</p>		

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Pennsylvania <i>continued</i>							<p>mixing; sound or music or effect transferring; film or tape editing or cutting; developing or processing of negative or positive prints; timing; coding or encoding; creation of opticals, titles, main or end credits; captioning; and medium transfers (e.g., film to tape, tape to tape). Additionally, charges for employment agency services provided by theatrical employment agencies and motion picture casting bureaus are not subject to sales or use tax.</p> <p>~<u>Materials and services on materials purchased for resale</u> that will become a component of the product sold are exempt from tax. (Ex: the original negative and development of film)</p> <p>~<u>Charges to install, repair, maintain or service equipment, parts, tools and supplies directly used in the production of a commercial motion picture</u> are exempt.</p> <p>~<u>Utilities used directly and exclusively in a production of a commercial motion picture</u> are exempt. (Ex: electricity used in set lighting)</p>		<p>LODGING TAX: N/A</p> <p>LODGING TAX: N/A</p>

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Rhode Island	25% of federal income tax rates, including capital gains & any other special rates for other types of income that were in effect prior to enactment of Economic Growth & Tax Relief Reconciliation Act of 2001	9%	7%	0%	5%	1%	INCOME TAX: <i>Motion Picture Production Company Tax Credit</i> Motion Picture Production Company meeting requirements	INCOME TAX: <i>Motion Picture Production Company Tax Credit</i> ~Primary production locations must be in RI. ~\$300,000 minimum total production budget. ~Motion picture is a feature-length film, video, video games, TV series, or commercial made in whole, or in part, in RI for theatrical or TV viewing or as a TV pilot. DOES NOT include TV coverage of news or athletic events or any production required to keep information required by Federal Code re: sexually explicit conduct. ~Apply with RI Film & TV Office which certifies production costs & credits.	INCOME TAX: <i>Motion Picture Production Company Tax Credit</i> ~25% credit of state certified production costs in RI. ~Credits may be transferred or sold. ~Credit can be carried forward 3 years. ~Production budget on which costs are determined <u>include</u> RI expenditures related to such things as purchase of screenplay, salaries, equipment, film processing, sound, editing, & other services related to production. Does not include costs associated with promotion or marketing of film, video or TV product. Limitations: ~Credit cannot exceed total production budget. ~Motion Picture Production Company <u>tax</u> credit with respect to a state-certified production can be transferred or sold (i.e., RI domiciled & headquartered company). ~See first two comments under requirements column.

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Rhode Island <i>continued</i>							<p><i>Investor Tax Credit</i></p> <p>~Non-transferable credit to domiciled taxpayers for investment in state-certified productions.</p> <p>~Credit earned in taxable year in which investment is certified.</p> <p>~Credit calculated as % of investment based on total investment made & expended by production in state as direct production-related costs.</p> <p>~15% credit for taxpayer investment, if production's investment is more than \$300,000 & less than or equal to \$5M.</p> <p>~25% credit for taxpayer investment, if production's investment is more than \$5M.</p> <p>~Investor tax credits associated with production shall not exceed total base investment by production company in specific production.</p> <p>~3 year carry forward allowed.</p>	<p><i>Investor Tax Credit</i></p> <p>~Taxpayer must live in RI.</p> <p>~Motion picture is a feature-length film, video, video games, TV series, or commercial made in whole, or in part, in RI for theatrical or TV viewing or as a TV pilot. DOES NOT include TV coverage of news or athletic events or any production required to keep information required by Federal Code re: sexually explicit conduct.</p> <p>~Motion picture production must be approved by the RI Film Office (office) & produced by production company domiciled & headquartered in RI & with signed viable distribution plan with either a major theatrical exhibitor, TV network or cable TV program.</p> <p>~Office provides Investors & Taxation Division with project certification number.</p> <p>~Office issues credit certificate to investors based upon final determination of actual production expenses.</p>	<p><i>Investor Tax Credit</i></p> <p>Domiciled RI taxpayer, other than Motion Picture Production Company</p> <p>LODGING TAX: N/A</p>

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
South Carolina	2.5% to 7% (based on brackets)	5%		up to 2%	7% (in lieu of state general sales tax)	up to 3%	<p>INCOME TAX: "Motion Picture Incentive Act"</p> <p>~Provides Motion Picture Production Company with <u>rebate of up to 15% of total aggregate of SC payroll for persons, subject to SC income tax withholdings, who are employed in connection with motion picture production.</u></p> <p>~"<u>Employee</u>" is person directly involved in filming or post-production & is an employee of Motion Picture Production Company, or a personal service corp retained by such a company, or a payroll services or loan out company retained by production company.</p> <p>~Rebate applies to both resident & nonresident employees of production company.</p> <p>~Rebate may be assignable to a single financial institution by certified production company (qualified production). This is an irrevocable assignment.</p>	<p>INCOME TAX: "Motion Picture Incentive Act"</p> <p>~Must be a qualified production as determined by approval of incentive application by Dept. of Commerce (DOC).</p> <p>~Total production costs in the state must equal or exceed \$1M during the taxable year.</p> <p>~For wages to qualify for rebate, each employee must be certified by the DOC as a qualifying employee.</p> <p>~Before filming, personal services corp, payroll services company or loan out company must be approved and certified by department & must make an irrevocable assignment of its rebate to the production company.</p> <p>~Rebate amount for taxable year is requested from Revenue after Film Commission certifies that physical production & support activities have been completed.</p> <p><i>(Note: Motion picture is a feature-length film, video, TV series, or commercial made in whole, or in part, in state.)</i></p> <p><u>Limitations:</u></p> <p>~Total aggregate payroll does <u>not include salary of employee that is equal to or greater than \$1 million for each motion picture.</u></p> <p>~Total rebate cannot exceed amount of all state income tax withholding.</p> <p>~Rebate <u>limited to annual total of \$10 million</u> and must come <u>from state general fund.</u></p>	

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type	
South Carolina <i>continued</i>								<p><i>Commercial Production</i></p> <p>Credit:</p> <p>~Allows Production Company producing a commercial for multi-market distribution via TV networks, cable, satellite, or motion picture theaters an income tax credit equal to 10% of its SC investment in commercial.</p> <p>~Credit distributed to eligible production company in same order as application is approved.</p> <p>~<u>Carry forward for 10 years of unused credits.</u></p> <p>Limitation:</p> <p>~\$1M annual statutory limit in tax credits to be distributed to all eligible companies.</p>	<p><i>Commercial Production Credit:</i></p> <p>~Available to Production Company producing an advertisement, composed of moving images & words, that is recorded on film, videotape, or digital medium in state. <u>Not available to a company producing industrial videos, TV broadcasts, cable & satellite networks, or news sporting events.</u></p> <p>~Production Company's total base investment in state certified commercial production must exceed \$500,000 in aggregate during calendar year.</p> <p>~Production Company must apply to & obtain certification of production from Dept. of Commerce.</p> <p>~Amount disbursed based on order of approval of application by department.</p>	<i>Commercial Production</i>

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
South Carolina <i>continued</i>							<p>picture project. The credit is distributed to equity fund members based on their ownership interest.</p> <ul style="list-style-type: none"> ~Credit is earned when cash is spent. ~Unused credit can be carried forward for <u>15</u> years. <p>~If project does not meet statutory requirements within 3 years from end of taxpayer's tax year when credit was first claimed, taxpayer claiming credit must increase tax liability in 4th year to cover credits claimed.</p> <p>Limitations:</p> <ul style="list-style-type: none"> ~Taxpayer's total credit for a single project is limited to \$100,000 for all years. ~Credit, when combined with all taxpayer's other SC income tax credits, cannot exceed 50% of taxpayer's SC income tax liability. 	<p>~Investor must be a SC taxpayer who invests cash in company that develops or produces qualified SC motion picture project intended for commercial exploitation.</p> <p>~Cash investment must be used only for services performed in SC, tangible personal property dedicated for 1st use in SC, or real property in SC.</p> <p>2) Requirements:</p> <ul style="list-style-type: none"> ~Motion picture project must submit documentation to Dept. of Commerce & be certified as a qualified project. ~Qualified project must register with Revenue & submit record of allocation of credits & documentation required to meet credit requirements. ~Taxpayer files for credits. 	<p>Motion Picture Production & Post-Production Facility Credit:</p> <p>South Carolina Taxpayer</p>

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
South Carolina <i>continued</i>								<p>Does not include TV stations, recording studios, or facilities predominately used to produce videos, commercials, training films, or advertising films.</p> <p>~"Post Production Facility" is a site in state designated for express purpose of accomplishing post production stage of film & TV production for both theatrical & video release. No soundstage requirements.</p> <p>~SC taxpayer's investment is cash and/or the fair market value of real property, including any improvements.</p> <p>~Cash investments must be used only for services performed in SC, tangible personal property dedicated for 1st use in SC, or real property in SC.</p> <p>~Investments in form of real property must be in SC on which facilities are located.</p> <p>2) Requirements:</p> <ul style="list-style-type: none"> ~Applications for certification & credit are made to Dept. of Commerce. 	<p>SOUTH CAROLINA SUPPLIER REBATE: Up to 15% rebate on expenditures made by Motion Picture Company in state.</p> <p>~Must have at least \$1M in expenditures.</p>

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
South Carolina <i>continued</i>							<p>Limitation: Distribution may not exceed amount annually funded to DOC for Film Commission from admissions tax collected by state. Unused funds, however, carry over to subsequent years.</p> <p>Note: 26% of general fund portion of admissions tax goes to Film Office to fund rebate & up to 7% for marketing & special events. (On top of 26%, 1% funds promotion of collaborative production & educational efforts between SC schools & motion picture-related entities.)</p>	<p>SALES & USE TAX: "Motion Picture Incentive Act"</p> <p>Point of Sale exemption for state 5% sales and use tax imposed under SC Code ss. 12-36-910, 12-36-1310, & 12-36-1320; 7% sales tax on accommodations under SC Code s. 12-36-920; 5% rental surcharge under SC s. 56-31-50; & 10% sales and use tax on 900/976 telephone numbers under SC Code s. 12-36-2645 and for local sales and use taxes administered and collected by Dept of Revenue.</p> <p>~Exemption applicable only for production companies qualified by Dept. of Commerce & receiving certificate from DOR.</p>	<p>~Must have a minimum in-state expenditure of \$1M. Does not apply to payroll, service corps, loan out company, etc., covered under wage rebate.</p> <p>~Determinations made by Film Commission.</p> <p>SALES & USE TAX: "Motion Picture Incentive Act"</p> <p>~Motion Picture Production Company engaged in business of producing motion pictures intended for a national theatrical release or for TV viewing or as a TV pilot produced by the company.</p> <p>~<i>Does not include</i> company owned, affiliated, or controlled, in whole or in part, by a company or person in default on loan made or guaranteed by state.</p> <p>~<i>Does not include</i> production of TV news or production if records required by 18 U.S.C. 2257 are to be maintained on any performer.</p> <p>(Note: Motion picture is a feature-length film, video, TV series, or commercial days.</p>

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type			
South Carolina <i>continued</i>							<p>~Qualifying expenditures applying to \$250,000 include purchases of services or intangibles in SC; purchases or rentals of tangible personal property in SC, and purchases or rentals of real property located in SC.</p> <p>~<u>Examples of exempt purchases:</u> aircraft, animals, cars & other vehicles; cameras & camera parts; catering; cleaning supplies; cleanup equipment; computer equipment; construction & hardware materials; copies; copy machines; filming supplies (e.g., <u>film stock</u>, flats, sandbags, etc.); food; gasoline & other fuels; generators/grip & lighting equipment; hairsyle supplies; hand tools; make-up; office supplies & equipment; portable dressing rooms & offices; portable toilets; production supplies; props (e.g., vehicles, furniture books, paintings, clothing, shrubbery); technical equipment & machinery (e.g., boom, cables, cranes, dolly, editing equipment, grip truck, matte, tape, teleprompter); telephones; vehicles (e.g., props, dressing room vehicles, camera cars, equipment vehicles); walkie talkies; wardrobe.</p> <p>~<u>Examples of exempt services</u> include</p>					<i>(made in whole, or in part, in state.)</i>

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
South Carolina <i>continued</i>							<p>various communication services; additional guest charges at places furnishing sleeping accommodations; electricity, laundering, dry cleaning, dyeing or pressing services; sleeping or lodging accommodations; and 900/976 telephone services.</p> <p>~Exemption does not apply to</p> <ul style="list-style-type: none"> (1) any local sales tax administered and collected directly by a local government (i.e., local hospitality tax & local accommodations tax); (2) 1% drycleaning surcharge (not a sales & use tax); & (3) solid waste excise taxes imposed on motor oils, tires, lead-acid batteries, & white goods (appliances). 	<p>SALES & USE TAX: Motion Picture Productions</p> <p>~'Motion picture' is any audiovisual work with a series of related images either on film, tape, or other embodiment, where images shown in succession impart an impression of motion together with</p> <p>SALES & USE TAX: Point of purchase exemption on supplies, technical equipment, machinery, & electricity directly & predominantly consumed in filming or producing of motion picture.</p> <p>~Exemption applies to</p> <p>5% state sales & use tax & to all local sales & use taxes administered & collected by Dept. of Revenue on behalf of local jurisdiction.</p> <p>~Exemptions do not apply to sales taxes imposed on</p>	

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
South Carolina continued							<p>communication services, additional guest charges at places furnishing lodging, laundering, drycleaning, dyeing, & pressing services, lodging, & 900/976 telephone services.</p> <p>Does not apply to 5% rental surcharge on rental of certain vehicles since rental surcharge is not a sales tax under Ch 36 of Title 12.</p> <p><u>Note:</u> Also exempt under SC law are "audiovisual masters" made or used by a production company in making visual & audio images for first generation reproduction. "Audiovisual master" is an audio or video film, tape, or disk, or another audio or video storage device from which all other copies are made.</p> <p>An eligible production company is one engaged in business of making motion picture, TV, or radio images for theatrical, commercial, advertising, or education purposes.</p>	<p>"Motion Picture Company" is a company generally engaged in business of filming or production of motion pictures.</p> <p>-Law does not require obtaining a certificate of exemption from Dept. of Revenue. The Dept. recommends obtaining a certificate to avoid any potential problems with vendors.</p> <p>-Dept. of Commerce not involved with this exemption.</p>	<p>LODGING TAX: Qualified Motion Picture Production Company</p> <p>LODGING TAX: Motion Picture Productions must meet minimum threshold qualifications under "Motion Picture Incentive Act" in order to be exempt from taxation.</p>

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
South Dakota	None	None (State does have a Bank and Financial Corporation Excise Tax)	4%	up to 2%	1%	up to 1%	LODGING TAX: Lodging taxes not applied for stays of 28 consecutive days or more; not specific to entertainment industry.	LODGING TAX: N/A	LODGING TAX: N/A
Tennessee	6% <i>on interest & dividend income of individuals</i>	6.5%	7%	up to 2.75 %	0%	up to 5% (county) up to 10% (city)	SALES & USE TAX: After \$500,000 is spent in state, there is a full refund on total amount of sales & use taxes paid by a motion picture production company, of the type referred to in Major Group 78, Industry No. 7812 of the Standard Industrial Classification Manual of 1987, located outside of the state.	SALES & USE TAX: ~Demonstrate to satisfaction of Commissioner (Dept. of Revenue) that company paid not less than \$500,000 for goods & services in TN in connection with filming or production of motion picture for distribution in commercially operated theaters or in TV programming. \$500,000 is total amount, not taxable amount, spent. ~TN filming must be completed in 12 months or less. ~Claim must be filed within 6 months of last day of production. ~Must be registered with TN Film, Entertainment & Music Commission which will provide a certificate of registration form to production company. Form must be on file in Commission office 10 days before filming start.	LODGING TAX: See Lodging Tax explanation.

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type	
Tennessee <i>continued</i>										
Texas	None	4.5% <i>(Tax equal to greater of either 0.25% of net taxable capital or 4.5% of net taxable earned surplus.)</i>	6.25% <i>(includes special districts) (per State Tax Review)</i>	up to 2%	6%	up to 9%	SALES & USE TAX: <i>100% point of sale</i> exemption from state and local taxes on purchases, rentals or leases of qualifying machinery, equipment, and supplies including items such as film stock, set dressing, etc., and on many services performed during production or post production. ~Note: Similar exemption is provided music & multimedia industries in TX although the above refers only to film. Music & multimedia are handled through offices other than Film Commission.	SALES & USE TAX: ~All items to be exempt from tax must be necessary and essential to the production, and be used directly in production or post-production. ~In order to claim exemptions no tax identification number is required. Provide completed 1 page certificate of exemption form to vendor.	LODGING TAX: N/A	
Utah	2.3% up to 7% <i>(based on bracket)</i>	5%	4.75%	up to 3.35%	None	up to 3% (county) up to 1% (city) 1% (certain resort areas)	SALES & USE TAX: <i>Point of Sale exemption</i> from state & local sales & use taxes for the purchase, lease, or rental of machinery or equipment by certain establishments related to film, TV, and video if those purchases, leases, or rentals are primarily used in production or postproduction of film, TV, video, or similar	LODGING TAX: N/A	SALES & USE TAX: Production of motion picture; TV program, made for TV movie, music video, commercial, documentary, or similar medium as determined by Tax Commission.	

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Utah <i>continued</i>							<p>MOTION PICTURE INCENTIVE FUND: Motion Picture Company engaged in the production of motion pictures, TV series, or made-for-TV movies</p> <p>MOTION PICTURE INCENTIVE FUND: ~Motion Picture Company must submit application to Film Office including projection of dollars left in state, the script for review for content, and must demonstrate that project financing & distribution plan are in place.</p> <p>~Economic impact of production should indicate that it represents "new" incremental economic activity in state rather than existing economic activity.</p> <p>~Regarding distribution plan, allowances may be made for independent filmmaker who plans to shop production on a film festival circuit.</p> <p>~Scripts rating cannot be above "R".</p> <p>~Production must be approved by the Director of the Governor's Office of Economic Development and ratified by Board of Business & Economic Development as "state-approved".</p> <p>~After end of production, documentation submitted to determine</p>		

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Utah <i>continued</i>								<p>LODGING TAX: The transient room tax (lodging tax) of up to 3% added to sales tax is refundable for persons occupying a public accommodation for 30 consecutive days or more.</p>	<p>LODGING TAX: N/A</p>
Vermont	3.6% up to 9.5% <i>(based on bracket)</i>	7.0% up to 9.75%	6%	1%	9% <i>(in lieu of state sales taxes)</i>	None	<p>INCOME TAX: <u>Tax Break for Non-residents</u> ~Non-resident performers subject to income tax from working in Vermont is limited to the income tax rate in the home state or in Vermont, whichever is less.</p>	<p>INCOME TAX: Any non-resident working on a production</p> <p>SALES & USE TAX: <u>Point of Sale</u> <u>exemption</u> on the purchase or rental of goods and services used in the making of a motion picture, television program or commercial.</p>	<p>SALES & USE TAX: Motion Picture, Television Program, and Commercial Production</p> <p>LODGING TAX: N/A</p>

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Virginia	2% up to 5.75% (based on bracket)	6%	4%	up to 5% (exceptions are given for 7% in certain areas; Richmond is 8%)	None		<p>SALES & USE TAX: State sales & use tax exemption for filmmakers at time of purchase (3.5% point of sale exemption) on the following: ~Lease, rental, license, sale, other transfer, or use of any audio or video tape, film or other audiovisual work where the transferee or user acquires or has acquired the work for purpose of licensing, distributing, broadcasting, commercially exhibiting or reproducing the work or using or incorporating the work into another such work. ~Provision of production services or fabrication in connection with production of any portion of the work, including, but not limited to, script writing, photography, sound, musical composition, special effects, animation, adaptation, dubbing, mixing, editing, cutting, & provision of production facilities or equipment. ~Transfer or use of tangible personal property, including, but not limited to, scripts, musical scores, storyboards, art work, film, tapes & other media incidental to the performance of such services or fabrication. (However, audiovisual works & incidental tangible personal</p> <p>SALES & USE TAX: The tape/film produced must be produced or intended for licensure, distribution, etc., if it & everything used to produce it are not to be considered taxable. ~Taxable works are: in-house training films, transmitted to various plant locations or offices; films of weddings, accidents, corporate meetings, or other special events; films for purposes other than distribution, broadcast, commercial exhibition; a product description tape which illustrates all the various parts to a piece of equipment which is to be used to facilitate operation & repairs thereto, even if sent company-wide to all sales or repair people.</p> <p>How to use exemption: ~Obtain copy of VA Sales & Use Tax Certificate of Exemption (Dept. of Taxation or Film Office). ~Provide copy of form to each VA vendor used for allowable purchases. ~Vendor will not charge tax on allowable items purchased, leased, or rented. ~Vendor should keep a copy of form of file. Only need to submit one form to vendor while working on project.</p>	<p>SALES & USE TAX: Film Audiovisual Production – Production companies, program producers, radio, TV & cable TV companies, & other entities engaged in production & creation of exempt audiovisual works & the licensing, distribution, & broadcasting of same.</p>	

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Virginia <i>continued</i>									

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Washington*	None	None (per State Tax Guide)	6.5%	2.4%	None	up to 7%	<p>SALES & USE TAX: Point of Sale</p> <p>exemption from state sales or use tax on rental of production equipment & from state sales tax on purchase of production services.</p> <p>~<u>Production equipment</u> includes: grip & lighting equipment; cameras; camera mounts – tripods, jib arm, steadicams, & other camera mounts; cranes & dollies; generators; helicopter mounts; helicopter rented for motion picture or video production; walkie talkies; vans, trucks, & other vehicles specifically equipped for motion picture or video production or used solely for production activities; wardrobe & makeup trailers; special effects & stunt equipment; video assists; videotape recorders; cables & connectors; teleprompters; sound recording equipment; & editorial equipment.</p> <p>~<u>Production services</u>: motion picture & video processing; printing, editing, duplication, animation, graphics, special effects, negative cutting, conversions to other formats or media, stock footage, sound mixing, re-recording, sound sweetening, sound looping, sound effects, & automatic dialog replacement.</p>	<p>SALES & USE TAX: Exemption does not apply to outright purchase of production equipment. To document transaction exempt from sales tax, a Motion Picture & Video Production Business is required to give a certificate to persons renting out production equipment or selling production services to them. Certificate must be signed & must state facts which establish the business' right to the exemption. Persons receiving certificates must retain them for 5 years.</p>	<p>SALES & USE TAX: Motion Picture or Video Production Businesses</p>

State	State Income Tax	State Tax on Corporations	State General Sales Tax	Local General Sales Tax	State Lodging Tax	Local Lodging Tax	Tax Incentives	Requirements	Project Type
Washington <i>continued</i>							CAR RENTAL TAX: Vehicles must be used solely for production activities.	CAR RENTAL TAX: Motion Picture or Video Production Businesses	CAR RENTAL TAX:
West Virginia*	3% up to 6.5% (based on bracket)	9%	6%	None	None	up to 6% (in cities) up to 3% (in counties)	LODGING TAX: Lodging taxes not applied for stays of longer than 30 days; not specific to entertainment industry.	LODGING TAX: N/A	LODGING TAX:
Wisconsin	4.6% up to 6.75% (based on bracket)	7.9%	5%	0.6%	None	up to 8% (City of Milwaukee can charge 9%)	LODGING TAX: Lodging taxes not applied for stays of longer than 30 days; not specific to entertainment industry.	LODGING TAX: N/A	LODGING TAX:
Wyoming	None	4%	up to 2%	None	up to 8% (in areas where both county & city levy tax)		LODGING TAX: Lodging taxes not applied for stays of longer than 30 days; not specific to entertainment industry.	LODGING TAX: N/A	LODGING TAX:

Appendix D

Canadian Production Incentives*

PROVINCE	INCENTIVE	DESCRIPTION
CANADA (FEDERAL)	CANADIAN PRODUCTION TAX CREDIT (Federal incentive is in addition to provincial incentives below)	<ul style="list-style-type: none"> • 16% federal tax credit on Canadian labor expenditures (Film or Video Production Services Tax Credit -- primarily for foreign productions). • No Limitation on the amount of any Canadian refund. • Also, Canadian Film or Video Production Tax Credits amounts to 25% of expenditures provided by Canadians when the director or screenwriter and one of two highest paid actors is Canadian.
BRITISH COLUMBIA	FILM INCENTIVE TAX CREDIT DIGITAL ANIMATION OR VISUAL EFFECTS TAX CREDITS	<ul style="list-style-type: none"> • 18% tax credit on BC labor expenditures. • 6% additional tax credit on BC labor expenditures outside of Vancouver. • 15% Digital animation or visual effects credit for BC labor costs.
ONTARIO	FILM INCENTIVE TAX CREDIT	<ul style="list-style-type: none"> • 18% refundable tax credit on Ontario labor expenditures. • 10% additional tax credit for productions outside of the Toronto area. • 20% Ontario digital animation and digital visual effects credit.
MANITOBA	FILM INCENTIVE TAX CREDIT	<ul style="list-style-type: none"> • 45% refundable tax credit on Manitoba labor expenditures. • 5% frequent film bonus, additional tax credit for 3 or more projects.
NOVA SCOTIA	FILM INCENTIVE TAX CREDIT	<ul style="list-style-type: none"> • 35% refundable tax credit on Nova Scotia labor expenditures. • 5% frequent film bonus, additional tax credit for 3 or more projects.
QUEBEC	FILM INCENTIVE TAX CREDIT	<ul style="list-style-type: none"> • 20% refundable tax credit on Quebec labor expenditures.
SASKATCHEWAN	FILM INCENTIVE TAX CREDIT	<ul style="list-style-type: none"> • 17.5% refundable tax credit of the total production costs. • 22.5% refundable tax credit if outside of the province's two major cities.

* Current as of July, 2005.

Sources: International Incentives Report of AFCI; California Film Commission Study prepared by LAEDC.

Examples of Other International Production Incentives

PROVINCE	INCENTIVE	DESCRIPTION
AUSTRALIA	REFUNDABLE TAX OFFSET	<ul style="list-style-type: none"> • 12.5% rebate for qualifying Australian production expenditures on films and TV series that spend a minimum of A\$15 million • Australian state agencies offer financial support and assistance through payroll tax rebates or exemptions, cast and crew rebates. Ex: So. Australia offers a 10% employment rebate.
	PAYROLL/WAGE ASSISTANCE	<ul style="list-style-type: none"> • Australian states also offer "Location Attraction Grants" and provide free or subsidized public service resources.
FIJI	TAX REBATE	<ul style="list-style-type: none"> • 15% refundable tax offset for productions that spend a minimum of F\$250,000 of qualifying Fiji expenditures representing at least 35% of the budget.
IRELAND	PRODUCTION TAX RELIEF	<ul style="list-style-type: none"> • 12% of Irish production expenditures capped at \$2.9 million per project.
MEXICO	ADDED TAX VALUE INCENTIVE	<ul style="list-style-type: none"> ▪ 15% of the added tax value of foreign productions.
NEW ZEALAND	FILM GRANTS (Large Budget Screen Production Grant)	<ul style="list-style-type: none"> • 12.5% large budget film grant on films that spend a minimum of NZ\$15 million. • If under \$50 million, qualified expenditures must equal 70% of total production costs. • For TV series, individual episodes which have completed principal photography within 12 month period and with minimum average spending of NZ\$500,000 per commercial hour may be bundled to achieve total NZ \$15 million.
SOUTH AFRICA	SOUTH AFRICAN PRODUCTION EXPENDITURE	<ul style="list-style-type: none"> • 15% of the gross amount spent in South Africa for foreign production. At least 50% of the production must be shot in South Africa with a minimum budget of \$3,800,000. • Special allowances are made in the Income Tax Act of South Africa.
UNITED KINGDOM	TAX DEDUCTION	<ul style="list-style-type: none"> • A production company can enter into a "sale and lease back" of its film with a UK investor and receive approximately 15% of its negative cost.

* Sample of production credits available as of July, 2005.

Sources: International Incentives Report of AFCI; California Film Commission Study prepared by LAEDC.

QUALIFIED TARGET INDUSTRY (QTI) TAX REFUND TARGET INDUSTRIES

(Effective November 1, 2001)

Only businesses serving multi-state and/or international markets are targeted. Business must be able to locate in other states. Retail activities, utilities, mining and other extraction or processing businesses, and activities regulated by the Division of Hotels and Restaurants of the Department of Business and Professional Regulation are statutorily excluded from consideration.

MANUFACTURING FACILITIES

Chemical Manufacturing
Pharmaceutical Manufacturing
Plastics & Rubber Products Manufacturing
Computer & Electronic Product Mfg
Computer & Electronic Component Mfg
Electromedical Apparatus Mfg
Irradiation Apparatus Mfg
Laser Manufacturing
Optoelectronics Manufacturing
Reproducing Magnetic & Optical Media Mfg
Semiconductor Manufacturing
Software Reproducing
Transportation Equipment Manufacturing
Aviation & Aerospace Manufacturing
Machinery Manufacturing
Electronic Flight Simulator Manufacturing
Instruments for Measuring & Testing Electricity
Lens Manufacturing
Optical Instruments Manufacturing
Power Distribution, Generation & Technology
Electrical Equipment Manufacturing
Appliance Component Manufacturing
Fiber Optic Cable Manufacturing
Miscellaneous Manufacturing
Surgical & Medical Instrument Manufacturing
Food & Beverage Products Manufacturing
Textile Mills & Apparel Manufacturing
Wood & Paper Product Manufacturing
Printing & Related Support Activities
Metal Manufacturing
Furniture & Related Products Manufacturing

FINANCE & INSURANCE SERVICES

Nondepositary Credit Institutions
Credit Intermediation & Related Activities
Securities, Commodity Contracts
Insurance Carriers
Funds, Trusts & Other Financial Vehicles

WHOLESALE TRADE

Business-to-Business Electronic Marketing

* Those industries in italics are examples of the subsections

INFORMATION INDUSTRIES

Sound Recording Industries
Integrated Record Production/Distribution
Film, Video & Electronic Media
Production (Excluding temporary "on location" filming)
Postproduction Services
Information Services & Data Processing
Internet Service Providers, Web Search Portals
Data Processing Services
On-line information Services
Publishing Industries
Software Publishing
Music Publishing
Telecommunications
Satellite Communications

PROFESSIONAL, SCIENTIFIC & TECHNICAL SERVICES

Professional, Scientific & Technical
Computer Programming / Software Development
Computer System Design
Management, Scientific & Tech Services
Research and Development
Scientific and Technical Consulting Services
Simulation Training
Testing Laboratories

MANAGEMENT SERVICES

Management Services
National, International & Regional Headquarters
Offices of Bank Holding Companies

ADMINISTRATIVE & SUPPORT SERVICES

Customer Care Centers
Telephonic & On-line Business Services
Customer Support
Transaction Processing
Technical Support
Credit Bureaus

Appendix F

Florida Entertainment Industry Incentives Return on Investment

The following information reported by the Florida Office of Film and Entertainment provides information on the impact of both the “Sales and Use Tax Point of Sale Exemption” and the “Florida Entertainment Industry Incentive.”

Point of Sale Sales & Use Tax Exemption

2001:

- Total # of Out-of-State Applicants 146
- Total # of In-State Applicants 226
- Total Applicants 372
- FTE Jobs Created 1,765
- Freelance/Independent Contractor Jobs Created 7,522
- Total Jobs Created 9,287
- ***Combined Out of State & In State ROI***

Total Economic Impact	\$313,206,040
Total Amount of Tax Credits	\$ 5,564,575
Return on Investment:	56:1

2002:

- Total # of Out-of-State Applicants 186
- Total # of In-State Applicants 338
- Total Applicants 524
- FTE Jobs Created 4,765
- Freelance/Independent Contractor Jobs Created 14,428
- Total Number of Jobs Created 19,193
- ***Combined Out of State & In State ROI***

Total Economic Impact	\$533,412,958
Total Amount of Tax Credits	\$ 8,701,331
Return on Investment:	61:1

2003:

- Total # of Out-of-State Applicants 237
- Total # of In-State Applicants 421
- Total Applicants 658
- FTE Jobs Created 5,279
- Freelance/Independent Contractor Jobs Created 20,680
- Total Number of Jobs Created 25,959
- ***Combined Out of State & In State ROI***

Total Economic Impact	\$721,745,960
Total Amount of Tax Credits	\$ 13,282,628
Return on Investment:	54:1

2004:

- Total # of Out-of-State Applicants 258
- Total # of In-State Applicants 395
- Total Applicants 653
- FTE Jobs Created 4,451
- Freelance/Independent Contractor
Jobs Created 17,217
- Total Jobs Created 21,668
- ***Combined Out of State & In State ROI***

Total Economic Impact	\$736,327,621
Total Amount of Tax Credits	\$ 13,669,936
Return on Investment:	54:1

2005:

- Total # of Out-of-State Applicants 269
- Total # of In-State Applicants 453
- Total Applicants 722
- FTE Jobs Created 6,672
- Freelance/Independent Contractor
Jobs Created 30,195
- Total Jobs Created 36,867
- ***Combined Out of State & In State ROI***

Total Economic Impact	\$689,771,680
Total Amount of Tax Credits	\$ 10,516,628
Return on Investment:	66:1

Entertainment Industry Incentive

FY 2004-2005:

Amount Appropriated: \$2,450,000

- Estimated in-Florida Production Expenditures: \$18,488,000
- 4 Productions Received Incentive Funding:
 - 3 – Feature Films
 - 1 – TV Special

Projected Florida Employees: 939
Projected Florida Wages: \$9,136,573
Hotel Room Nights: 3,621

Return on Investment: 7.5:1

Note: ROI is shown with no multiplier effect.

FY 2005-06:

Amount Appropriated: \$10,000,000

- Estimated in-Florida Production Expenditures: \$73,898,733
- 15 Certified Productions
 - 7 – Motion Pictures
 - 3 – TV Episodic Programs (Totaling 63 episodes)
 - 1 – Telenovela (Totaling 120 episodes)
 - 3 – Television Programs (1 Special, 1 Pilot, 1 MOW)
 - 1 – Documentary

Projected Florida Employees: 3,775

Projected Florida Wages: \$36,678,079

Hotel Room Nights: 12,444

Return on Investment: 7.4:1

Note: ROI is shown with no multiplier effect.

Appendix G

THE CURRENT APPROPRIATIONS SYSTEM:

Drawbacks:

- Productions – especially higher-budget ones – need to plan their production months to a year ahead. When they consider Florida, they don't know until June if the incentive will be funded in July.
- The funding was 'gone' in 11 days this year. Bigger productions stopped calling.
- For a pilot, the funding is 'gone' by the Feb/March window they generally film in. By not being pilot-friendly, we lose the TV series they could spawn if picked up.
- For a TV series, there is no assurance there will be incentive funding for a second or third season. Studios specifically cited this as a problem bringing a TV series here.
- They must fit within our 'fiscal year box':
 - a) They can not start filming before July 1st or they cannot qualify for incentive.
 - b) Once funds are committed, any production that begins filming can not get funds that might become available by other shows forfeiting their certified funds.
- The economic impact is felt mostly where the production films, since almost all of their expenditures are in the cities they film in.
- After filming, 100% of our incentive rebate goes back to the production's home – often out-of-state.

AS A TRANSFERABLE TAX CREDIT:

Remedies:

- Since a tax credit is established for a specific number of years, productions can plan ahead with the comfort of knowing the incentive will be available each year until it 'sunsets'.
- It creates a 'flexible' ceiling, wherein once the maximum yearly ceiling of a tax credit is reached in one year, a production can still film and take the tax credit in a following year, as long as there are tax credits available. Funding should therefore be available later in the year.
- Productions can plan on a tax credit being available in subsequent years, as long as it's before the 'sunset' year.
- Productions can start shooting whenever they need to, because tax credits and certification of expenses can be allowable in whatever tax year the expense is incurred, (providing the minimum threshold on qualified expenditures is reached.)
- Not all productions will have a tax liability in Florida – those that don't will 'sell' their tax credit to a Florida corporation *at a discount*. These Florida corporations could be located anywhere in our state, creating the potential to spread the economic impact statewide by returning a percentage of our incentive to Florida corporations.

Furthermore:

- The time the OFE/OTTED spends yearly on the legislative appropriations process is reduced.
- The MPAA has made Florida its #1 target to switch it to a tax credit program.
- Rep. Don Davis has made a public statement of his support for a transferable tax credit.
- Every state offering a substantial incentive offers a tax credit rather than a rebate (except S.C.).

Appendix H

Film Entertainment Industry
 Florida
 2001 to 2004

Year	Number of Establishments	Annual Average Employment	Annual Average Wage
2001	4,412	36,197	\$47,426
2002	4,469	34,559	\$46,377
2003	4,712	32,869	\$48,812
2004	5,599	33,897	\$52,972

NAICS Codes Used to Build the Film Entertainment Industry

NAICS	Description
334612	Audio and video media reproduction
512110	Motion picture and video production
512120	Motion picture and video distribution
512191	Teleproduction and postproduction services
512199	Other motion picture and video industries
512210	Record production
512240	Sound recording studios
512290	Other sound recording industries
515120	Television broadcasting
515210	Cable and other subscription programming
517410	Satellite telecommunications
541810	Advertising agencies
541922	Commercial photography
711130	Musical groups and artists
711410	Agents and managers for public figures
711510	Independent artists, writers, and performers

Source: Florida Agency for Workforce Innovation, Labor Market Statistics,
 Quarterly Census of Employment and Wages Program.

Appendix I

Florida Film Festivals

(46, as of October 20, 2005)

East Central

DAYTONA BEACH FILM FESTIVAL (www.DBFF.org)

MELBOURNE INDEPENDENT FILMMAKERS FESTIVAL (<http://3boysproductions.com/miff1.htm>)

Mid-Florida

2nd ANNUAL GAY ORLANDO FILM FESTIVAL (www.enzian.orgwww.enzian.org)

ANIME FESTIVAL ORLANDO (www.AnimeFestivalOrlando.com)

BROUHAHA FILM & VIDEO SHOWCASE (www.enzian.org)

CENTRAL FLORIDA JEWISH FILM FESTIVAL (www.enzian.org)

FLORIDA FILM FESTIVAL (www.enzian.org)

GLOBAL PEACE FILM FESTIVAL (www.peacefilmfest.org)

MARION FILM & VISUAL ARTS FOUNDATION FLORIDA FAMILY FILM FESTIVAL [F4]
(www.themariontheatre.org)

PIXIE FLIX FEST: 2nd Annual Gay & Lesbian Film Festival (www.pixieflixfest.com)

SOUTH ASIAN FILM FESTIVAL (www.enzian.org)

Northeast

JACKSONVILLE FILM FESTIVAL (www.jacksonvillefilmfestival.com)

JACKSONVILLE INDEPENDENT STUDENT & SHORT FILM FESTIVAL (www.jaxfilms.com)

Northwest

PENSACOLA INTERNATIONAL FILM & TELEVISION FESTIVAL (www.pensacolafilmandtv.com)

Southeast

AFRICAN FILM FESTIVAL (Betty@namaskargroup.com)

AMERICAN BLACK FILM FESTIVAL (www.abff.com)

BRAZILIAN FILM FESTIVAL OF MIAMI (www.brazilianfilmfestival.com)

CASA BACARDI CUBAN-AMERICAN FILM FESTIVAL
(<http://casabacardi.iccas.miami.edu/FilmFestival/FilmFestival.htm>)

CUBAN HIP HOP FILM FESTIVAL (www.stjohnsmiamibeach.com/arts)

DELRAY BEACH FILM FESTIVAL (www.delraybeachfilmfestival.com)

FESTIVAL OF CHILEAN CINEMA (www.chileanfilmfestival.org)

FLORIDA ROOM DOCUMENTARY FILM FESTIVAL (thefloridaroom.org)

FORT LAUDERDALE INTERNATIONAL FILM FESTIVAL (www.fliff.com)

KEY WEST INDIEFEST (keywestindiefest.com)

MADE IN MIAMI FILM & VIDEO FESTIVAL (www.madeinmiami.org)

MIAMI CHILDREN'S MUSEUM FILM FESTIVAL (www.miamichildrensmuseum.org)

MIAMI GAY & LESBIAN FILM FESTIVAL (www.miamigaylesbianfilm.com)

MIAMI INTERNATIONAL FILM FESTIVAL (www.miamifilmfestival.com)

MIAMI LATIN FILM FESTIVAL (www.hispanicfilm.com)

MIAMI SHORT FILM FESTIVAL (www.miamishortfilmfestival.com)

PALM BEACH INTERNATIONAL FILM FESTIVAL (www.pbifilmfest.org)

PALM BEACH JEWISH FILM FESTIVAL (www.palmbeachjewishfilm.org)

REWIND/FAST-FORWARD FILM & VIDEO FESTIVAL (www.rewindfastforward.org)

SPiritTUAL CINEMA FESTIVAL – AT SEA (www.spiritualcinemafestival.com/festival/entries)

Southwest

FORT MYERS BEACH FILM FESTIVAL (www.fmbfilmfest.org)

MARCO ISLAND FILM FESTIVAL (www.marcoislandfilmfest.com)

Tampa Bay

CINE-WORLD FILM FESTIVAL (www.filmsociety.org)

YBOR FESTIVAL OF THE MOVING IMAGE (www.yborfilmfestival.com)

INDEPENDENTS' FILM FESTIVAL (www.independentsfilmfest.com)

KIDFLIX FLORIDA INTERNATIONAL CHILDREN'S FILM FESTIVAL (www.kidflixflorida.com)

SARASOTA FILM FESTIVAL (www.sarasotafilmfest.com)

SARASOTA GAY AND LESBIAN FILM FESTIVAL (www.filmsociety.org)

TAMBAY FILM & VIDEO FESTIVAL (www.tambayfilmfest.com)

TAMPA INTERNATIONAL FILM FESTIVAL (www.tampafilmfest.org)

TAMPA INTERNATIONAL GAY & LESBIAN FILM FESTIVAL (www.tiglff.com)

THROUGH WOMEN'S EYES: 5TH ANNUAL WOMEN'S INTERNATIONAL VIDEO-FILM FESTIVAL
(www.throughwomenseyes.com)

Appendix J

State University System

Degrees Offered in Entertainment

Directly Linked

	FAMU	FAU	FGCU	FIU	FSU	UCF	UF	UNF	USF	UWF	Total
Communications and Media Studies	M				BMD						1B/2M/1D
Radio & TV Broadcasting					B	B					2B
Multimedia Studies					B						1B
Dance	B	BM	B	BMD	BM	B	B				4B/1M
Dramatic Arts	B	BM	B	BMD	BM	B	B				8B/4M/1D
Dramatic Writing							M				1M
Film/Cinema Studies					M						1M
Motion Picture and TV Tech					BM	B					2B/1M
Digital Arts/Digital Media					BM	BM					2B/2M
Music, General	BM	BM	B	BMD	B	D					5B/3M/2D
Music Performance	BM		BMD	B	B		B				5B/2M/1D
Music Composition			BMD								1B/1M/1D
Opera Production			M								1M
Music Theory			BMD								1B/1M/1D
BA in Liberal Arts: Theatre	B										1B

2B/1M 2B/3M 1B 3B/1M 8B/8M/5D 6B/3M 5B/3M/1D 2B 2B/1M/1D 2B

Total: 33 Baccalaureate Programs, 20 Master Programs, 7 Doctoral Programs

Indirectly Linked

	FAMU	FAU	FGCU	FIU	FSU	UCF	UF	UNF	USF	UWF	Total
American Dance Studies					M						1M
Interior Design		B	BM		BM						3B/2M
Graphic Design	B		BM		B						3B/1M
Graphic Communication	B										1B
Photography					B						1B
Visual Art, General	B		B		B		B				5B
Studio/Fine Art	B	M	BM	BM	BM	B	BM				8B/6M
Art History & Appreciation		B	BMD		BMD		BM				5B/3M/2D
Art Administration			M								1M
Music History & Appreciation			B								1B
Musicology			M								1M
Jazz Studies	B						B				2B
Music Studies							B				1B
BA in Liberal Arts: Art			B								1B

4B 1B/1M 1B 3B/1M 5B/7M/1D 3B/1M 4B/3M/1D 3B 4B/2M 3B

Total: 31 Baccalaureate Programs, 15 Master Programs, 2 Doctoral Programs

Community Colleges

COMMUNITY COLLEGE PROGRAMS IN FIELDS RELATED TO THE ENTERTAINMENT INDUSTRY

Source: Division of Community Colleges and Workforce Development and Temporary Internet Files\OKAO\Entertainment Programs\Enrollments_03-04 for Legislative Data Request

PROGRAM	06/100/102/17	Video Editing & Post Production
Brevard	05/07/039/805	Web Design Services
Central Florida	05/07/039/903	Web Development Specialist
Chippola	06/100/102/028	Web Production
Dalytona Beach	06/100/103/866	Photographic Tech.
Edison	16/100/103/000	Photographic Tech.
Fila CC @ Jax		
Florida Keys		
Gulf Coast		
Hillsborough		
Imidan River		
Lake City		
Lake-Sumter		
Maitland-Dade		
Marinette		
North Florida		
Okalockosa-Walton		
Palm Beach		
Pascoc-Hernando		
Pensacola		
Polk		
St. Johns River		
St. Petersburg		
Seminole		
South Florida		
Tallahassee		
Veternica		

*Enrollments are based on 2003-04

Source: Division of Community Colleges and Workforce Development, and Generation不让步就打倒 ity Local Settings\Temporary Internet Files\OLKA01\Entertainment Programs\Enrollments 03-04 for Legislative Data Request

Commission for Independent Education

COMMISSION FOR INDEPENDENT EDUCATION

American Intercontinental University 2250 N. Commerce Pkwy. Weston, FL 33326 County: Broward	Sch ID: 2625 Lic Num: 2625 PS: RitaccoM Lic Status: Annual	Contact: Jim Vernon, Ed.D. Phone: (954) 446-6100 Accred By: SACS
Program Title - Credential - (Degree Type, if applicable) Media Production - Bachelors (BFA)		CIP CODE: 090102
Art Institute of Fort Lauderdale, Inc. 1799 Southeast 17th Street Ft. Lauderdale, FL 33316 County: Broward	Sch ID: 1287 Lic Num: 1287 PS: RitaccoM Lic Status: License By Means of Accreditation	Contact: Daniel F. Moore Phone: (954) 463-3000 Accred By: ACICS
Program Title - Credential - (Degree Type, if applicable) Broadcasting - Associate in Science (AS) Video Production - Associate in Science (AS)		CIP CODE: 0609060100 0650050100
Audio Recording Technology Institute, Inc. 4525 Vineland Road #201B Orlando, FL 32811 County: Orange	Sch ID: 1319 Lic Num: 1319 PS: MontfortJ Lic Status: License By Means of Accreditation	Contact: Steve Pietrofesa Phone: (407) 423-2784 Accred By: ACCSCT
Program Title - Credential - (Degree Type, if applicable) Comprehensive Audio Engineering - Diploma		CIP CODE: 0610010500
CIFALC, School for the Performing Arts 555 N.E. 15th Street 7th Floor, Studio A Miami, FL 33132 County: Miami-Dade	Sch ID: 3194 Lic Num: 3194 PS: WagarD Lic Status: Provisional	Contact: Virginia Lopez Phone: (305) 579-5950 Accred By:
Program Title - Credential - (Degree Type, if applicable) A Spontaneous Actor for the World - Diploma		CIP CODE: 0650050100
City College - Ft. Lauderdale 2000 West Commercial Boulevard Ft. Lauderdale, FL 33309 County: Broward	Sch ID: 67 Lic Num: 67 PS: BartonC Lic Status: License By Means of Accreditation	Contact: C.M. Fike II Phone: (954) 492-5353 Accred By:
Program Title - Credential - (Degree Type, if applicable) Broadcasting - Associate in Science (AS)		CIP CODE: 0609060100
Connecticut School of Broadcasting Davie, LLC 3538 South University Drive Davie, FL 33328 County: Broward	Sch ID: 2045 Lic Num: 2045 PS: MillerC2 Lic Status: Annual Extension	Contact: David Banner Phone: (800) 887-2346 Accred By:
Program Title - Credential - (Degree Type, if applicable) Radio & Television Broadcasting - Diploma		CIP CODE: 0609060100
Connecticut School of Broadcasting LLC ., Tampa 3901 Coconut Palm Drive, Suite 105 Tampa, FL 33619 County: Hillsborough	Sch ID: 2826 Lic Num: 2826 PS: MillerC2 Lic Status: Annual	Contact: David Banner Phone: (800) 887-2346 Accred By:
Program Title - Credential - (Degree Type, if applicable) Radio and Television Broadcasting - Diploma		CIP CODE: 0609060100

Connecticut School of Broadcasting Palm Beach Gardens, LLC 3450 Northlake Boulevard Suite 110 Palm Beach Gardens, FL 33403 County: Palm Beach	Sch ID: 637 Lic Num: 637 PS: MillerC2 Lic Status: Annual	Contact: David Banner Phone: (561) 842-2000 Accred By:
	Program Title - Credential - (Degree Type, if applicable) Radio and Television Broadcasting - Diploma	CIP CODE: 0609060100
Florida Institute of Recording, Sound, and Technology, Inc. 3301 Gardenia Avenue, Suite 101 Orlando, FL 32835 County: Citrus	Sch ID: 3250 Lic Num: 3250 PS: BartonC Lic Status: Provisional	Contact: George Alan Kay Phone: (407) 316-8310 Accred By:
	Program Title - Credential - (Degree Type, if applicable) Audio Recording, Engineering and Production - Diploma	CIP CODE: 0610010500
Florida Metropolitan University - Melbourne 2401 N. Harbor City Blvd. Melbourne, FL 32935 County: Brevard	Sch ID: 2612 Lic Num: 2594 PS: BartonC Lic Status: License By Means of Accreditation	Contact: Mark Judge Phone: (321) 253-2929 Accred By: ACICS AAMA
	Program Title - Credential - (Degree Type, if applicable) Film and Video - Associate in Science (AS)	CIP CODE: 0650050100
Full Sail Real World Education 3300 University Blvd Winter Park, FL 32792 County: Orange	Sch ID: 2616 Lic Num: 2616 PS: MillerC2 Lic Status: License By Means of Accreditation	Contact: Debbie Magruder Phone: (407) 679-0100 Accred By: ACCSCT
	Program Title - Credential - (Degree Type, if applicable) Digital Arts and Design - Bachelors (BS) Film - Associate in Science (AS) Film - Bachelors (BS) Recording Arts - Associate in Science (AS) Show Production and Touring - Associate in Science (AS)	CIP CODE: 090702 0650050100 500601 0610010500 0650050100
International Academy of Design & Technology 5104 Eisenhower Boulevard Tampa, FL 33634 County: Hillsborough	Sch ID: 2579 Lic Num: 2579 PS: RitaccoM Lic Status: License By Means of Accreditation	Contact: Dr. Ed Gross Phone: (813) 881-0007 Accred By: ACICS
	Program Title - Credential - (Degree Type, if applicable) Recording Arts - Bachelors (BFA)	CIP CODE: 100203
John Casablancas Modeling and Career Center 1060 West State Road 434, Suite 136 Longwood, FL 32750 County: Seminole	Sch ID: 1981 Lic Num: 1981 PS: MontfortJ Lic Status: Annual	Contact: Deborah Hughes Phone: (407) 265-1500 Accred By:
	Program Title - Credential - (Degree Type, if applicable) Drama, Film and Television Acting - Diploma Professional Voice Training and Commercial Acting - Diploma	CIP CODE: 0650050100 0650050100

John Casablancas Modeling and Career Center 1300 North Westshore Blvd. Suite 220 Tampa, FL 33607 County: Hillsborough	Sch ID: 3179 Lic Num: 3179 PS: MontfortJ Lic Status: Provisional	Contact: Deborah Scherker Phone: (813) 289-8564 Accred By:
	Program Title - Credential - (Degree Type, if applicable) Professional Voice Training - Diploma Professional Voice Training and Commercial Acting - Diploma	CIP CODE: 0650050100 0650050100
Krane Academy of Motion Pictures 2065 Prairie Road, Building K West Palm Beach, FL 33410 County: Palm Beach	Sch ID: 3330 Lic Num: 3330 PS: RitaccoM Lic Status: Provisional	Contact: Jonathan D. Krane Phone: (561) 747-8736 Accred By:
	Program Title - Credential - (Degree Type, if applicable) Motion Picture Producing - Diploma	CIP CODE: 0650050100
Miami International University of Art And Design 1501 Biscayne Blvd. Suite 100 Miami, FL 33132-1418 County: Miami-Dade	Sch ID: 2581 Lic Num: 2581 PS: WagarD Lic Status: License By Means of Accreditation	Contact: Erika Fleming Phone: (305) 428-5700 Accred By: SACS
	Program Title - Credential - (Degree Type, if applicable) Film - Masters (MFA) Film and Digital Production - Bachelors (BFA)	CIP CODE: 0650050100 500502
National Professions, Inc. 401 West Lantana Road Suite 10 Lantana, FL 33462 County: Palm Beach	Sch ID: 1823 Lic Num: 1823 PS: WagarD Lic Status: Annual	Contact: Brenda J. Mc Phone: (561) 585-1400 Accred By:
	Program Title - Credential - (Degree Type, if applicable) Broadcast Captioning - Occupational Associate Degree	CIP CODE: 0609060100
New York Institute of Technology Center At Ft. Lauderdale 1650 SE 17th Street, Suite 301 Ft. Lauderdale, FL 33316-1735 County: Broward	Sch ID: 2592 Lic Num: 2592 PS: MillerC2 Lic Status: Annual	Contact: Ann H. Page Phone: (954) 776-8270 Accred By: MSACS
	Program Title - Credential - (Degree Type, if applicable) Communications Arts - Masters (MA)	CIP CODE: 090102
Nodorah Training Institute 2042 N. Forsythe Rd., Ste D Orlando, FL 32807 County: Orange	Sch ID: 3019 Lic Num: 3019 PS: MontfortJ Lic Status: Provisional	Contact: David Aihe Phone: (407) 346-2318 Accred By:
	Program Title - Credential - (Degree Type, if applicable) Music Production Technology - Diploma	CIP CODE: 0650090300
Palm Beach Film School, LLC 901 Northpoint Parkway, Suite 303 West Palm Beach, FL 33407 County: Palm Beach	Sch ID: 3074 Lic Num: 3074 PS: BartonC Lic Status: Annual	Contact: Jim York Phone: (561) 242-9190 Accred By:
	Program Title - Credential - (Degree Type, if applicable) Filmmaking - Diploma	CIP CODE: 0650050100

Reformed Theological Seminary of Florida, Inc. 1231 Reformation Drive	Sch ID: 3167 Lic Num: 3167	Contact: Frank A. James III, Phone: (407) 366-9493
Oviedo, FL 32765	PS: RitaccoM	Accred By: SACS ATS
County: Seminole	Lic Status: License By Means of Accreditation	
Program Title - Credential - (Degree Type, if applicable) Master of Arts - Masters (MA)		CIP CODE: 500701
SAE Institute of Technology 16051 West Dixie Highway Suite #200 North Miami Beach, FL 33160	Sch ID: 2282 Lic Num: 2282 PS: MillerC2	Contact: Chris Davie Phone: (305) 944-7494 Accred By:
County: Miami-Dade	Lic Status: Annual	
Program Title - Credential - (Degree Type, if applicable) Audio Technology - Diploma		CIP CODE: 0610010500
Schiller International University 453 Edgewater Drive Dunedin, FL 34698	Sch ID: 2523 Lic Num: 2523 PS: AronoffP	Contact: Dr. Cathy Eberhart Phone: (727) 736-5082 Accred By: ACICS
County: Pinellas	Lic Status: License By Means of Accreditation	
Program Title - Credential - (Degree Type, if applicable) Communications - Masters (MA)		CIP CODE: 090102
The Institute of Allied Medical Professions Delray Medical Center 5150 Linton Boulevard, Suite 340 Delray Beach, FL 33484	Sch ID: 2843 Lic Num: 2843 PS: MontfortJ	Contact: Kevin Haggerty Phone: (561) 841-1441 Accred By: ABHES
County: Palm Beach	Lic Status: Annual	
Program Title - Credential - (Degree Type, if applicable) Radiation Therapy RT(T) - Diploma		CIP CODE: 0609060100
The Players School of Music, Inc. 923 McMullen Booth Road Clearwater, FL 33759	Sch ID: 2106 Lic Num: 2106 PS: BartonC	Contact: Jeff Berlin Phone: (800) 724-4242 Accred By:
County: Pinellas	Lic Status: Annual Extension	
Program Title - Credential - (Degree Type, if applicable) Eighty Week Program - Diploma		CIP CODE: 0650090300
Forty Week Program - Diploma		0650090300
Four Week Program - Diploma		0650090300
One Week Intensive Program - Diploma		0650090300
Ten Week Program - Diploma		0650090300
Trinity International University 111 NW 183rd Street, Suite 500	Sch ID: 2605 Lic Num: 2605	Contact: Dr. Kevin D. Phone: (305) 770-5100 Director
Miami, FL 33169	PS: WagarD	Accred By: HLC/NCA ATS
County: Miami-Dade	Lic Status: Annual	
Program Title - Credential - (Degree Type, if applicable) Communication & Organizational Leadership - Bachelors (BA)		CIP CODE: 090102

Unity Gain Recording Institute

1953 Ricardo Avenue
Ft. Myers, FL 33901
County:Lee

Sch ID: 988 **Lic Num:** 988
PS: MontfortJ
Lic Status: Annual Extension

Program Title - Credential - (Degree Type, if applicable)
Advanced Techniques in Audio Recording - Diploma
Audio Recording Comprehensive - Diploma

Contact: Anthony B. Iannucci

Phone: (239) 332-4246
Accred By:

CIP CODE:
0610010500
0610010500

School District Programs

SCHOOL DISTRICT PROGRAMS IN FIELDS RELATED TO THE ENTERTAINMENT INDUSTRY

PROGRAM	0607080106 Digital Design	0510019900 Multimedia Design Tech.	0510010100 New Media Tech.	0610010401 Radio Broadcasting	0610010403 TV Production	0507039905 Web Design Services
Alachua						
Bay						
Broadford						
Charlotte						
Citrus						
Clay						
Collier						
Martin-Dade						
Dixie						
Eskambia						
Gadsden						
Gulf						
Hillsborough						
Indian						
Lee						
Leon						
Marion						
Montroe						
Oklahoma						
Oscoda						
Pasco						
Pennellis						
Polk						
St.Johns						
Santa Rosa						
Sarasota						
Sumter						
Taylor						
WaKeula						
Washington						
Weston						
Summernee						
Waukeena						
Washington Sp						
Wetmore						
Wekula						
Washington						
Weston						
Wetmore						
Wekula						
Washington						
Weston						

*Enrollments are based on 2003-04

Appendix K

OFE STATUTORY RESPONSIBILITIES

**GOVERNOR'S OFFICE OF FILM & ENTERTAINMENT
STATUTORY RESPONSIBILITIES**
(ss. 288.1251, 288.1252, 288.1253, 288.1254, & 288.1258, F.S.)

PURPOSE: Develop, market, promote, and provide services to the state's entertainment industry

GENERAL RESPONSIBILITIES:

The Office of Film & Entertainment shall:

- In consultation with the Florida Film and Entertainment Advisory Council, develop and implement a 5-year strategic plan to guide the activities of the Office in the areas of entertainment industry development, marketing, promotion, liaison services, field office administration, and information. The initial plan was due and filed on June 30, 2000.

The Office of Film & Entertainment may, in the performance of its duties:

- Conduct or contract for specific promotion and marketing functions, including, but not limited to, production of a statewide directory, production and maintenance of an Internet website, establishment and maintenance of a toll-free number, organization of trade show participation, and appropriate cooperative marketing opportunities.
- Conduct its affairs, carry on its operations, establish offices, and exercise the powers granted by this act in any state, territory, district, or possession of the U.S.
- Carry out any program of information, special events, or publicity designed to attract entertainment industry to Florida.
- Develop relationships and leverage resources with other public and private organizations or groups in their efforts to publicize to the entertainment industry in this state, other states, and other counties the depth of Florida's entertainment industry talent, crew, production companies, production equipment resources, related businesses, and support services, including the establishment of an expenditure for a program of cooperative advertising with these public and private organizations and groups in accordance with the provisions of chapter 120.
- Provide and arrange for reasonable and necessary promotional items and services for such persons as the office deems proper in connection with the performance of the promotional and other duties of the office.
- Prepare an annual economic impact analysis on entertainment industry-related activities in the state.
- Request or accept any grant, payment, or gift of funds or property made by this state, the U.S. or any department or agency thereof, or by any individual, firm, corporation, municipality, county, or organization, for any or all of the purposes

of the Office of Film and Entertainment's 5-year strategic plan or those permitted activities enumerated in this paragraph. Such funds shall be deposited in the Grants and Donations Trust Fund of the Executive Office of the Governor for use by the Office of Film and Entertainment in carrying out its responsibilities and duties as delineated in law. The office may expend such funds in accordance with the terms and conditions of any such grant, payment, or gift in the pursuit of its administration or in support of fulfilling its duties and responsibilities. The office shall separately account for the public funds and the private funds deposited into the trust fund.

- Provide staff to the Florida Film and Entertainment Advisory Council, which shall include, but not be limited to, keeping records of the proceedings of the council, and serving as custodian of all books, documents, and papers filed with the council; Commissioner serves as an ex officio, non-voting member.

Tax Incentives:

Entertainment Industry Financial Incentive:

The law directs the Office of the Film and Entertainment to do the following:

- establish a process by which an application is accepted and reviewed and reimbursement eligibility and the reimbursement are determined;
- develop a standardized application form for use in approving a qualified production, a qualified relocation project, or a company qualifying for the incentive;
- must review each application in 5 days of receipt and notify the business of its determination within 10 days of receipt;
- must notify both the business and OTTED of the applicant approval and amount of reimbursement required (OTTED makes final determination on reimbursement amount.);
- shall develop a procedure to ensure that qualified productions continue on a reasonable schedule until completion;
- determines eligibility of expenditures and billing to be used to determine eligible incentive reimbursement amount; and,
- must notify OTTED when applicant meets criteria for actual reimbursement.

Sales & Use Tax Point of Sale Exemption:

The law directs the Office of the Film and Entertainment to do the following:

- work with the Department of Revenue and local film commissions to develop an application form for qualifying production companies;
- forward an approved application to the Department of Revenue which must issue a certificate of exemption within five working days of receiving the application; and
- gather and maintain information on the relationship of tax exemptions to the entertainment industry growth.

The Department of Revenue is responsible for the initial receipt of applications for exemptions. Once in receipt of a properly completed application, the Department is required to forward it to the Office of Film and Entertainment within 10 working days. The office then determines if the production company is qualified and, if so, approves the application for exemption.

Reports:

- The 5 year strategic plan for the Office of Film and Entertainment cited above on the list of responsibilities.
- The Office of Film and Entertainment must report to the Legislature information on annual growth in Florida-based entertainment industry companies and entertainment industry employment and wages by December 1 of each year.
- The Office of Film and Entertainment must submit an annual report for the previous fiscal year to the Governor, the President of the Senate, and the Speaker of the House of Representatives outlining the return on investment to the state on funds expended pursuant to the entertainment industry financial incentive program under s. 288.1254, F.S.
- Finally, the Governor's Office of Tourism, Trade and Economic Development is required to prepare an annual report of the expenditures of the Office of Film and Entertainment and to provide the report to the Legislature no later than December 30 of each year for the expenditures of the previous year.

OFE CORE SERVICES

**Update from the
Governor's Office of
Film & Entertainment**

January 2005

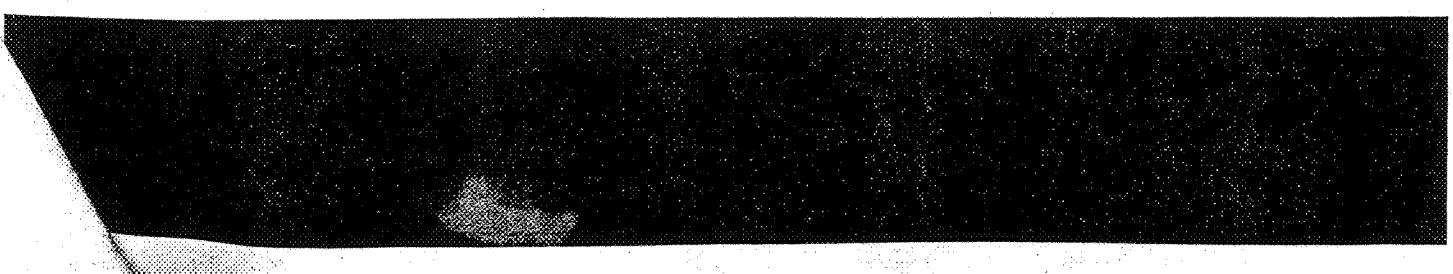
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The Governor's Office of Film & Entertainment

OFE'S Core Services

1. Strategic Planning & Analysis

- Develop annual strategic plans (marketing, educational, incentives)
- Facilitate Bi-Annual Economic Assessment
- Produce Quarterly and Annual Tax Exemption Reports, Incentive Reports, and NAISC Code Reports
- Provide staff support to the Florida Film Advisory Council and its committees

2. Industry/Government Liaison Services & Policy Development

- Policy and Program Development
 - Industry Communications, Education and Liaison Services
- ## 3. Marketing & Promotion
- Develop, maintain and market the "Film in Florida" brand
 - Implement advertising and promotional programs
- 

OFIE's Core Services

- 4. **Production Support**
 - Location Scouting and Photography Services
 - Produce Reference and Resource Materials
 - Resource Guide, Guide to Film Commissioners, Reel Deal, Discounts & Deals
 - Facilitate Access to State Locations
 - Process Tax Exemption Applications and Incentive Applications
- 5. **Business & Workforce Development**
 - Business Recruitment and Retention
 - Los Angeles Field Office Operations
 - Sales and Trade Missions
 - Los Angeles – AFCI Locations Trade Show, American Film Market, Film School Alumni Reunion
 - London – Broadcast Production Show
 - New York – Independent Film Project (IFP) Market
 - Workforce Development Initiatives
 - Professional Development Series

Appendix L

**Update from the
Governor's Office of
Film & Entertainment**

January 2005

filminflorida.comTM
The Governor's Office of Film & Entertainment

OFE Performance

	2001-02	2002-03	2003-04
Number of Leads Generated	355	452	462
Number of Projects Worked	898	926	1301
Number of Scouts/Site Visits Facilitated	104	190	186
% of New Projects Resulting in Business	25%	30%	30%
% of New Projects Lost to Competitors	7%	7%	9%

Appendix M

State Film Office Comparison

State	Location of Film Office	Film Office Staff	Budget
Alabama	Within Department of Economic Development	4 FTE	not provided
Alaska	Within Department of Commerce, Community, & Economic Development	1 PTE (in transition)	not provided
Arizona	Department of Commerce	3 FTE, 1 Intern	\$296,000
Arkansas	Department of Economic Development	1 FTE	\$10,800
California	Business, Transportation, & Housing Authority	9 FTE + 1 Intern	not provided
Colorado	Governor's Office of Economic Development & International Trade	5 FTE	not provided
Connecticut	Commission on Culture & Tourism (state agency)	3 FTE, 1 PTE	approx. \$300,000
Delaware	Economic Development Office; part of Tourism Division; not a separate film office	10 FTE (under Tourism Office)	\$2.1 million (Tourism Office Budget)
Florida	Governor's Office of Tourism, Trade & Economic Development	4 FTE, 1 OPS	\$653,296
Georgia	Commissioner's Office of Department of Economic Development	6 FTE	\$1,012,337
Hawaii	Arts, Film & Entertainment Division in Department of Business, Economic Development, and Tourism	4 permanent FTE, 4 temporary FTE	\$500,000
Idaho	Tourism Development in Department of Commerce & Labor	1 PTE	\$80,000
Illinois	Department of Commerce & Economic Opportunity	8 FTE	not provided
Indiana	Indiana Economic Development Corporation (public/private; formerly Dept. of Commerce)	2 FTE	not provided
Iowa	In Tourism	1 FTE	\$121,000
Kansas	Business Development Division of Department of Commerce	2 FTE	not provided
Kentucky	Department of Tourism, an agency of the KY Commerce Cabinet	2 FTE	being prepared; currently is \$100,000 or less

State Film Office Comparison

State	Location of Film Office	Film Office Staff	Budget
Louisiana	Department of Economic Development	2 FTE	approx. \$250,000
Maine	Division of Office of Tourism in Department of Economic & Community Development	2 FTE	not provided
Maryland	Department of Business & Economic Development	7 FTE	not provided
Massachusetts			
Michigan	Department of History, Arts & Libraries	1 FT, 1 PT (Soon to be 2 FTE)	\$173,300
Minnesota	Center for Media Arts	3 FTE	\$250,000 from state; 3:1 match
Mississippi	Division of Tourism Development in the State Development Authority	3 FTE	not provided
Missouri	Department of Economic Development	2 FTE	not provided
Montana	Department of Commerce	4 FTE, 1 FT summer intern	\$422,600
Nebraska	Department of Economic Development	2FTE	not provided
Nevada	Department of Economic Development	7 FTE	\$800,000
New Hampshire	Department of Cultural Resources	1 FTE	\$97,000
New Jersey	Economic Development Authority	6 FTE + 1 Intern	not provided
New Mexico	Department of Economic Development	8 FTE	Refused to disclose
New York	Governor's Office	5 FTE	Refused to disclose
North Carolina	Unit of NC Dept. of Commerce's Division of Tourism, Film and Sports Development	3 FTE	\$500,000
North Dakota	N/A	N/A	N/A
Ohio			
Oklahoma	Department of Tourism & Recreation	3 FTE	Refused to disclose
Oregon	Department of Economic & Community Development	4 FTE	\$420,802
Pennsylvania	Governor's Office	2 FTE	\$600,000
Rhode Island	State Council on the Arts	2 FTE	not provided
South Carolina	Department of Commerce	5 FTE, 1 PTE	Refused to disclose

State Film Office Comparison

State	Location of Film Office	Film Office Staff	Budget
South Dakota	Department of Tourism & State Development	1 FTE	not provided
Tennessee	Department of Economic & Community Development	5 FTE	\$555,200
Texas	Governor's Office	7 FTE	\$375,000
Utah	Governor's Office of Economic Development and Tourism	7 FTE	\$700,000
Vermont	Independent instrumentality	3 FTE	not provided
Virginia	Department of Tourism	6 FTE	not provided
Washington	Department of Trade & Economic Development	3 FTE	\$378,000
West Virginia	Division of Tourism in Department of Commerce	1 FTE	\$102,139
Wisconsin			
Wyoming	Division of Department of Travel & Tourism	2 FTE	\$207,211